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ABSTRACT

This report explores promising welfare-to-work programs and practices of states and localities as they balance supply- with demand-side strategies to help welfare recipients and low-wage workers work their way out of poverty while meeting employers' needs for reliable workers. Chapter 2 describes the new environment created by changes in the welfare system and the labor market that poses challenges for low-skill workers as they struggle to work their way out of poverty. The work patterns of women on welfare are explored in the context of these changes. Chapter 3 looks at the issue of job retention from the perspectives of welfare recipients and employers and identifies lessons learned from a range of model programs. Improving access to and information about support services and federal and state earned income tax credits is discussed. Chapter 4 explores how states and localities are promoting career advancement opportunities to help welfare recipients make the transition from entry-level jobs to higher paying jobs. Chapter 5 focuses on the special needs of welfare recipients with significant personal and family challenges. It explores different approaches to help these hard-to-place individuals develop the skills to move toward unsubsidized employment and reviews experiences of enterprises that have successfully created employment opportunities for them. (Contains 87 endnotes and a 67-item bibliography.) (YLB)

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Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients

July 1998

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Employment and Social Services Policy Studies Division

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Executive Summary

Expectations are high that state "laboratories of democracy" will prove more effective than previous federally regulated programs in helping welfare recipients and low-wage workers stay employed and advance toward economic self-sufficiency. As the rapidly changing welfare and workforce systems take on this challenge, they must explore ways to connect traditional "supply-side" approaches to employability development that emphasize preemployment job-readiness, education, and skill training for individuals with newer "demand-side" approaches. Demand-side approaches focus on the employer side of the labor market and provide work-based learning and skill development opportunities that meet employers' needs for skilled workers.

Given the new time-limited assistance and strict work participation requirements under Temporary Assistance for Needy Families (TANF), state policymakers, program adminstrators, and frontline workers are realizing that a "work first" approach is not simply about placing welfare recipients in entry-level jobs. It is about working with people after they are employed to help them keep their jobs, avoid returning to welfare, and advance within the labor market.

As states implement welfare reform, they can draw on important lessons from past experiences with welfare-to-work, job training, education, and economic development programs. These lessons can help states build programs that:

* help welfare recipients stay employed;

* help welfare recipients increase their wages and advance; and

* use transitional employment as a career development strategy for the hard-to-place.

Helping Welfare Recipients Stay Employed

Although a substantial percentage of welfare recipients leave the rolls within a year, largely because of employment, many also return to the rolls within a short period. Therefore, a major challenge for states is to help welfare recipients stay employed and build a work history. States are likely to be most successful at promoting job retention and career advancement if they respond to both the needs of recipients and employers.

States should consider the following approaches to promoting job retention among newly hired welfare recipients.

* Provide ongoing case management to help participants cope with the workplace, the public aid system, household problems, and the social service network.

* Develop effective mentoring programs to counsel newly hired welfare recipients on managing time and stress, balancing work and home commitments, managing paychecks and finances, accepting new responsibilities, imparting and receiving constructive criticism, developing professional work habits, and dealing with office relationships and work etiquette.

* Provide supportive payments or loans to offer short-term financial assistance and services to working families to address "emergency" situations that might otherwise lead to job loss and reliance on welfare.

* Improve access to support services, such as child care, transportation, health care, and housing.

* Promote federal and state earned income tax credits to help "make work pay" by increasing the income of low-wage workers.

Helping Welfare Recipients Increase Their Wages and Advance

Many welfare recipients are likely to qualify only for entry-level, low-wage jobs that may make it difficult for them to achieve self-sufficiency. Without career advancement, they may return to public assistance to help make ends meet. States should develop strategies that combine work with education and training to help people attain the skills they need to increase their wages and advance beyond entry-level jobs. These strategies should be designed to meet both recipient and employer needs and make workplaces centers of learning. States can promote career advancement among welfare recipients through the following initiatives.

* Change the design of government-sponsored job skill development programs to complement the work first orientation of welfare reform. For example, designing

* training programs in conjunction with specific employers and industry sectors helps ensure that any preemployment training is linked to opportunities for postplacement training.

* Improve access to education and training outside of work to make it easier for people to take advantage of education and training opportunities, especially those who work for employers who do not provide much training. Welfare recipients may need information, financial resources, and support services to help them access these opportunities.

* Promote learning at the workplace by making job placements with employers who are likely to provide training, providing incentives for employers to provide more training to entry-level workers, and promoting the use of learning on the job.

* Help individuals access career ladders or pathways by modernizing the workplace practices of firms that hire welfare recipients so workers use higher level skills and by providing information to workers to make potential career pathways clearer.

Using Transitional Employment as a Career Development Strategy for the Hard-to-Place

Although many welfare recipients have trouble moving up the career ladder because of the nature of the low-wage labor market and personal or family circumstances, others with significant barriers to employment have trouble getting a first job. Community work experience and subsidized employment, especially when combined with education and training, can be an effective career development strategy for hard-to-place individuals. Such transitional employment can motivate people and raise their self-esteem, help people acquire skills, be used as an economic development strategy to increase employment in high-unemployment areas, and serve as a longer term "sheltered" work environment for those unable to compete in the regular job market.

In designing transitional employment experiences for welfare recipients, states should consider the following strategies.

* Structure programs for effectiveness by ensuring that they address participant, employer, and community needs. Participants' economic success can be achieved by building their identity as workers and requiring them to perform according to generally

* accepted workplace standards. To meet employer interests, the work performed must meet company standards for quality and customer satisfaction and contribute to the company's bottom line. Community needs can be addressed through small- and large-scale projects that improve the quality of life and increase the capacity of neighborhood organizations, such as child care centers and youth development programs.

* Improve the quality of transitional employment by including work-based education

and training, emphasizing career guidance and job placement efforts, linking work-related classroom instruction to educational credentials or postsecondary credits, and strengthening workplace supervision.

Conclusion

By examining some of the lessons learned from research and identifying promising state practices, state policymakers and program administrators will be better equipped to help low-income individuals get a job and turn every job into a learning experience that helps them advance to a higher paying job. Strategies that prepare individuals for employment must be linked to strategies that focus on the needs of employers and the workplace. This requires much closer working relationships between the public sector and employers than have been developed in the past. It also requires integrating employability development efforts across welfare, workforce, education, and economic development systems to strengthen state capacity to help low-income workers chart a pathway out of poverty and toward economic self-sufficiency.

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Introduction

During the next decade, states will face increasing pressure to generate good jobs and help many people navigate a complex labor market for which their education, training, and experience leave them ill prepared. The stakes are high, both for average Americans who need help adjusting to the changing economy and for government reformers who hope that states can achieve job development goals for the least advantaged with more innovative approaches and far less prescriptive federal rules. Expectations are high that state "laboratories of democracy" will prove more effective than previous, long-standing federally regulated programs in solving problems that have resisted national solutions for the last quarter of a century. Not the least among these seemingly intractable problems is helping welfare recipients and low-wage workers maintain their attachment to the labor force and advance toward economic self-sufficiency.

As the rapidly changing welfare and workforce systems take on this challenge, they must explore ways to connect traditional "supply-side" approaches to employability development that focus on providing preemployment, job-readiness, education, and skill training services that meet individual's needs with "demand-side" approaches that focus on providing work-based learning and skill development opportunities that meet employers' requirements for skilled workers. Many of the traditional supply-side approaches (e.g., the Job Opportunities and Basic Skills (JOBS) Training program and other workforce training programs) tried to build the skills of job entrants without sufficient input from employers or regard for how these skills are developed and used in the workplace. Many of these approaches have been criticized as being too narrowly focused, fragmented, and overly concerned with addressing individuals' skill and behavioral deficits. Demand-side approaches require a much closer working relationship with employers and greater integration of efforts across welfare, workforce, education, and economic development systems. They focus on moving people quickly into jobs and providing postemployment services, developing work-based learning strategies that structure work experience and entry-level jobs for learning, and creating career pathways to further skill development and economic security.

This report explores promising welfare-to-work programs and practices of states and localities as they balance supply-side strategies with demand-side strategies to meet the challenge of helping welfare recipients and low-wage workers work their way out of poverty while meeting the needs of employers for reliable workers. Many of the programs and practices cited in the report have been implemented rapidly to address this challenge and have not had the benefit of rigorous research to demonstrate their effectiveness. Most of the research has been conducted on preemployment programs for welfare recipients and disadvantaged individuals to demonstrate which approaches are most effective. Few studies have focused on the effectiveness of job retention and career advancement strategies. Therefore, the promising ideas of states and localities should continue to be encouraged and, where possible, evaluated to see which ones lead to job retention, wage progression, and a reduction in poverty.

* Chapter 2 describes the new environment created by changes in the welfare system and the labor market that poses challenges for low-skill workers as they struggle to work their way out of poverty. The work patterns of women on welfare are explored in the context of these changes.

* Chapter 3 looks at the issue of job retention from the perspectives of welfare recipients and employers and identifies lessons learned from a range of model programs, including case management after employment, mentoring, and supportive payments and loans. Improving access to and information about

* support services and federal and state earned income tax credits also is discussed.

* Chapter 4 explores how states and localities are promoting career advancement opportunities to help welfare recipients make the transition from entry-level jobs to higher paying jobs. It includes lessons learned from the fields of job training, education, and economic development in making education and skill development programs compatible with employment, promoting learning at the workplace, and helping people access career pathways.

* Chapter 5 focuses on the special needs of welfare recipients with significant personal and family challenges. It explores different approaches to help these hard-to-place individuals develop the skills to incrementally move toward unsubsidized employment in the regular labor market and reviews the experiences of several enterprises that have succeeded in creating employment opportunities for these individuals.

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Understanding the Changing Environment for Recipients Making the Transition from Welfare to Work

Unprecedented changes are underway as the nation's welfare system converts from an income support-based system to a work-based system with time limits on benefits. This transformation, coupled with rapid changes in the structure of the labor market, is creating a new and challenging environment for welfare recipients struggling to make the transition to employment and work their way out of poverty. States and localities must understand the impact of these changes as they develop new approaches to help welfare recipients overcome barriers to employment, job retention, and career advancement.

The Changing Welfare System

Given the new time-limited assistance and strict work participation requirements under Temporary Assistance for Needy Families (TANF), state policymakers, program administrators, and frontline workers are realizing that a "work first" approach is not simply about placing welfare recipients in entry-level jobs. It is about working with people after they are employed to help them keep their jobs and advance within the labor market. Under TANF, states face tough work participation requirements that increase each year. By fiscal 2002, a state must have 50 percent of its caseload participating in thirty hours of work activities per week. The work participation rate is 90 percent of all two-parent families receiving assistance and thirty-five hours per week. These requirements, coupled with the sixty-month time limit on aid, mean that states must reduce the caseload "churning" that reflects the typical experience of so many welfare recipients who move back and forth between welfare and employment over many years.

An even greater challenge confronting states is how to place the hard-to-place and most disadvantaged in jobs and help them stay employed. Because of the significant caseload declines in recent years, the hard-to-place comprise a higher proportion of the caseload than in the past. Some of these individuals may have little, if any, job experience, very low basic skills, and limited education; physical or mental disabilities or chronic health problems; developmental or learning disabilities; or substance abuse problems. Others may have criminal records or may be victims of domestic violence. Many of the hard-to-place suffer from more than one of these barriers to employment. In addition, they often must deal with a geographic mismatch between where jobs are available and where they live and the related issue of inadequate transportation. States face unprecedented challenges in helping these individuals achieve self-sufficiency. They can draw on the lessons learned from helping individuals who leave welfare with relative ease and remain employed to design new strategies and approaches to serve individuals who are hard to place.

In addition to helping individuals retain their jobs, states must turn their efforts to reducing the amount of time welfare recipients or former recipients spend between jobs and providing training and access to opportunities for career advancement. States will need to reorient their welfare and workforce systems so that job placement is viewed as one step in a series of steps rather than the final step. This approach requires partnerships between employers and service providers to structure the work experience so that individuals develop transferable skills. It also requires greater understanding of the local and regional economies and the changing nature of work within a global economy.

The Changing Labor Market

As states take on the challenges of helping former welfare recipients stay employed and advance economically, they must do so within the context of a rapidly changing labor market. The past twenty years have witnessed fundamental economic shifts, the effects of which can be seen in jobs, earnings, and skill demands.

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* The structure of the economy and jobs. Employment security has eroded, and career ladders within firms have been chopped back to just a few rungs or have disappeared altogether. The high-value, niche-oriented goods and services produced for demanding and volatile global markets require the application of advanced technologies and sophisticated business strategies. The drive for flexibility has led to wholesale decentralization and disaggregation of business enterprises.

* The distribution of earnings and wealth. Workers in the middle and bottom segments of the labor market have seen their real income stagnate or decline. Family incomes have eroded somewhat less only

* because often both spouses work. Only in the upper-income groups has income increased during the past twenty years.

* The bifurcation of the labor market. Job growth has occurred primarily across two dimensions of the labor market--high-wage, high-skill technical and professional jobs that tend to be full time with benefits and low-wage, low-skill service jobs that are often part time without benefits.

* The skills required for success. The distribution of good jobs has long been strongly biased by educational attainment, and income is now influenced by education more than ever. The jobs with wages and benefits that can support a family increasingly require educated workers who can adapt their skills to meet the changing demands of the workplace. These jobs seem beyond the reach of the undereducated and inexperienced.

These economic shifts have changed the nature of work and the opportunities for advancement. During the 1960s and 1970s, full-time employment was the road out of poverty for many people, even those with few skills and limited education. By the 1980s, this scenario had changed. Today millions of families have incomes below the poverty level even though someone in the family works full time. "About 56 percent of poor Americans live in households where someone works full time."[1] The new labor market is characterized by fewer higher paying manufacturing jobs, more lower paying service jobs, disintegrating career ladders, and less stability. It is a market that places a premium on education, skills, and adaptability to advance economically.

A growing number of low-wage workers are trapped by limited skills and education, limited knowledge of how to advance, and limited access to skill development opportunities. According to a study by The Urban Institute, "Even though many workers in low-wage jobs do move up the economic ladder, another large segment of low-wage workers remains in such jobs for extended periods with little or no increase in pay. The characteristics of these workers resemble those of many former welfare recipients, as they are disproportionately less educated, female, and minority."[2]

Most welfare recipients find initial employment in the low-wage labor market. These jobs tend to be short-term or temporary and are often part time. They are characterized by high turnover, few benefits, and little opportunity for advancement. Individuals with higher skills who can command higher wages are in a much better position to sustain employment. A large longitudinal study of welfare recipients in Washington from 1988 to 1992 found that the level of wages received by former welfare recipients relates to the length of time they remain off assistance. Of those who exited assistance with hourly wages of $9.50 or more, 67 percent remained off assistance thirty-six months later. However, of those who left the rolls with hourly wages of less than $6.50, only 32 percent remained off assistance for thirty-six months.[3]

Despite the limitations of the low-wage labor market, getting a job, keeping it, and using it to develop new skills are still important steps on the road to economic security. Employment opportunities are readily available for most people, especially in today's tighter labor market. According to Bureau of Labor Statistics' projections, the nation's economy will continue to create plenty of low-skill jobs that provide entry-level

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employment opportunities.[4] The workplace provides valuable opportunities for informal learning that lead to the development of skills necessary for advancement. The challenge for those with limited skills, work history, and education is turning every job into a learning experience that leads to a higher paying job.

The Work Patterns of Women Making the Transition from Welfare to Work

Most individuals on welfare are women, so a critical first step to developing job retention and career advancement strategies is understanding the work patterns of women on welfare and the reasons they experience job loss. Studies have documented that most women on welfare are engaged in the workforce but that the work is generally short term and unstable. Key findings from several studies have contributed to a better understanding of the work patterns of women making the transition from welfare to work.

* The rates of return to welfare are high for recipients who leave the rolls. Monthly data from several studies in the late 1980s and early 1990s indicate that between 33 percent and 69 percent of women leave welfare for work. One study found that 25 percent of all women who leave welfare for work return within twelve months and 41 percent return within five years. Other studies have found even higher rates of return to welfare.[5]

* Welfare recipients have shown remarkable persistence in pursuing employment even after repeated job loss. A case study of the Oregon Jobs Employment Retention Initiative, one of four federal postemployment services demonstrations funded between 1994 and 1996, found a pattern of job loss and quick reemployment. Although 61 percent of participants lost their job during the first year, 78 percent of them found a second job in about a month. Within twelve months, 57 percent subsequently lost their second job, but 69 percent of them found a third job.[6]

* Welfare recipients experience many challenges and complications in their lives and numerous factors contribute to a job loss and return to welfare. In a study of former Aid to Families with Dependent Children (AFDC) recipients in New Jersey's REACH program, 57 percent said that the main reason they lost their job was job-related, such as being laid off or fired, receiving wages that were too low, and not liking the job; 43 percent gave personal reasons for their job loss, such as health problems, child care problems, pregnancy, and family problems.[7] Another study analyzed employment among women with low skills and concluded that the most common path to steady employment is gradual attachment to the labor force. Those low-skilled women

* that were successful in making the transition had an average period of employment that lasted 7.6 quarters and an average period of joblessness that lasted 4.9 quarters. For those low-skilled women who did not make the transition, the average period of joblessness was twice as long as the average period of employment.[8]

* Women who do make the transition from welfare to work often find that their limited education and skills restrict their wage potential and opportunities for advancement. A 1997 study on the hourly wages of one-time welfare recipients over eleven years, starting in 1979, showed that wages rose less than 1 percent per year.[9]

These and other studies suggest that repeated job loss is typical in the transition from welfare to work and that strategies should focus on offering rapid reemployment services when job loss occurs and providing recipients with the skills and supports that will enable them to keep jobs longer. Moreover, for many welfare recipients, work will not provide a path out of poverty unless they can access education and skills training that will enable them to advance into better jobs.

Work as a Tool to Develop Employability

As states implement new approaches to employability development, work first programs that provide "front-end" services, such as counseling, career information,

and job search assistance, to help people get a job as quickly as possible must be expanded and broadened. States must move people into employment quickly, but then use work as a career development tool to support further learning and promote job retention and upward mobility. Any job, including temporary and part-time work, is a good first job if it is used as a first step along a career pathway to economic security.

Under an expanded work first approach, the focus shifts from providing welfare recipients and other economically disadvantaged individuals with extensive training and support services prior to employment to providing education, training, and support services after individuals have started working. (Employment supports could include mentoring, counseling, child care, transportation, and health care.) This approach blends supply-side strategies with demand-side strategies to focus on the needs of both workers and employers.

An expanded work first approach rewards work by helping welfare recipients keep their first job, get another job quickly if they lose their jobs, and upgrade their skills to move into more demanding, higher paying jobs with greater career potential. It also helps employers reduce turnover and increase retention by offering more customized training and a longer commitment to support services. This approach requires close collaboration between employers and service providers to ensure that the training meets employer needs.

The challenge facing state policymakers as they convert the welfare system from a supply-side system focused on income support and job readiness to a demand-side system focused on work and employment stability is to make work pay for those who make the transition from welfare to work.

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Helping Welfare Recipients Stay Employed

Policymakers and program administrators must now build on their successes in job placement to help individuals retain employment and shorten periods of joblessness and welfare receipt when job loss occurs. States will be most successful at promoting job retention if they respond to both the needs of recipients and employers. They should design programs that help employers improve the productivity of entry-level workers and reduce employee turnover as well as help workers deal with personal issues and workplace requirements so they can stay employed longer.

States should consider incorporating the following strategies in their welfare reform efforts to promote job retention:

* providing ongoing case management;

* developing effective mentoring programs;

* providing supportive payments or loans;

* improving access to support services; and

* promoting federal and state earned income tax credits.

Although newly employed welfare recipients and their employers share an interest in job retention and value transitional supports, they have unique needs and perspectives. Employers are interested in keeping the individual in the company, often at the same job, to realize a return on their hiring and training investment. However, for welfare recipients and former recipients, the issue is not so much "job" retention but "employment" retention, which includes finding reemployment quickly if they lose their job or taking advantage of new and better employment opportunities, either with their current employer or another employer. To meld these perspectives, employees must have career advancement opportunities within the organization and employers must be willing to train and advance their low-skilled workers to more highly skilled positions rather than hiring from outside.

States should look at job retention broadly and from the perspectives of both the worker and the employer. They can take advantage of the flexibility provided under TANF to make job retention an integral part of a work first approach. States have a variety of partners in their job retention efforts--state and local agencies providing job placement and training, child care, and transportation assistance; private and nonprofit intermediaries, including temporary staffing agencies; community-based organizations, including those from the faith community; and employers. These partners can help recipients address some of the health, family, and workplace issues that may be barriers to employment and job retention.

Job Retention: Issues and Lessons from the Employer's Perspective

With a tight labor market and, in particular, a shortage of individuals to fill entry-level positions, employers are increasingly interested in hiring welfare recipients. In a recent survey of a sample of the 400 member companies of the Welfare to Work Partnership, 71 percent responded that they are facing a labor shortage in their company or industry and 86 percent indicated that they expect to hire someone from the welfare rolls in 1998. Moreover, of those member companies that had hired welfare recipients, three fourths responded that welfare recipients have turned out to be good, productive employees. These employers identified a number of challenges in hiring welfare recipients, including workers' lack of child care, transportation, technical skills, motivation, education, and job-readiness skills. Once hired, employers consider welfare recipients' top needs to be performance/attitude, training, child care, transportation, education, and mentors/positive reinforcement.[10] A demand-side

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approach focuses on helping employers address the challenges they have identified in hiring and retaining welfare recipients.

Employers are acutely aware that employing individuals with little or no work experience can be a high-risk venture. In focus groups with Florida firms, some employers indicated that they lost or dismissed more than 50 percent of new hires within the first sixty days of employment and that it costs between $2,500 and $3,000 to hire and lose an employee within the first sixty days of employment.[11] Effective job retention strategies will reduce turnover costs and encourage employers to more readily consider welfare recipients as part of their applicant pool.

Employers who have hired or are considering hiring welfare recipients often express the following perspectives.

* Employers see themselves as providers of jobs, not social services. They seek entry-level employees who are prepared for the world of work--who are motivated, understand appropriate behavior in a work setting, can manage family and work responsibilities, and are reliable and on time. Such "soft skills" are often deemed more important than technical skills that can be taught on the job or through a customized training program.

* Employers want public agencies to prescreen applicants and customize preemployment job-readiness services to meet the demands of their workplace.

* Employers recognize that they may not have the resources to deal with the personal or logistical issues of newly employed welfare recipients.

* Employers are concerned that employing welfare recipients may increase their litigation, workers' compensation, and unemployment insurance costs.

* Employers recognize the importance of supports, such as transportation and child care, but are generally not well informed about what supports are available in either the public or private sector.

To address these issues and concerns, state and local agencies, businesses, and nonprofit organizations are undertaking several initiatives. States are helping businesses change their workplace practices to improve worker retention. They are becoming more sensitive to the need to tailor services and programs to employer needs. State strategies include the following.

* Providing specialized training to line supervisors to improve their ability to supervise welfare recipients and respond to problems that may arise.

* Providing postplacement followup through case management of former welfare recipients and encouraging employers to contact the case manager to discuss any issues that may arise.

* Providing opportunities for welfare recipients to participate in employee assistance programs. These programs typically offer a hotline that employees can call to get information and referrals on a wide range of issues, such as personal finances, substance abuse problems, child care problems, legal issues, and work-related problems.

* Developing contracts with intermediary organizations that are responsive to the organizational culture of the businesses and

* can provide appropriate job preparation prior to placement and continue to work with the employer and employee after placement. Under performance-based contracts, the intermediary organization generally does not receive a final payment until the individual has been retained in employment for a specified period (e.g., six months).

* Creating collaborations with public agencies, community-based agencies, and

businesses to address some of the problems related to transportation and child care.

* Increasing employers' awareness about the support services available to employees and the financial incentives available to employers when they provide child care assistance to employees.

* Enabling employers to hire welfare recipients under a trial employment period to protect against workers' compensation, liability, and administrative costs. In some cases, the individual continues to receive a welfare grant; in other cases, the welfare agency may contract with an intermediary organization, such as a temporary agency, that will initially serve as the employer of record.

Job Retention: Issues and Lessons from the Recipient's Perspective

When examining job retention from the recipient's perspective--the supply-side focus--states will want to explore a broad array of issues and lessons from early job retention efforts. To develop effective job retention efforts that meet the needs of recipients, it is important to understand the reasons why welfare recipients, former welfare recipients, and low-wage workers experience job loss. The following factors are considered most relevant.[12]

* The low financial rewards of work and the nature of the low-wage labor market.

* Much of the work available to recipients provides low wages with few benefits and offers very limited opportunities for advancement or promotion. Moreover, the low-wage labor market is highly unstable,

* with much of the employment being part time, temporary, and/or seasonal.

* The high cost of working. Welfare recipients entering employment face new and additional child care, transportation, and, sometimes, clothing costs. Increased earnings can also lead to reductions in cash assistance and food stamps, as well as higher rents for those in subsidized housing.

* Workplace demands. Many welfare recipients do not understand the behavior and norms of the workplace or the performance expectations of their employers. Poor social and communications skills may also lead to interpersonal conflicts on the job with other employees and supervisors. These factors, rather than the individuals' skills, weigh heavily in employers' decisions to fire or lay off employees.

* Health and family issues. Breakdowns in support systems, such as child care, transportation, medical assistance, and housing, as well as family crises and health problems, contribute to welfare recipients or former recipients leaving their jobs. Access to child care that is reliable, affordable, convenient to the job or home, and suited to the employee's work schedule is a formidable challenge for many recipients.

Although there is increasing interest in providing job retention and postemployment services for welfare recipients, there are very few program models or evaluations to guide states. The following implementation issues and lessons for job retention are based on findings from several studies and current experiences in both the public and private nonprofit sectors.[15]

* Job retention efforts should begin as states prepare recipients for work and undertake job placement efforts with employers. This is particularly important for individuals who request case closure without informing agency staff that they have found a job. It will be harder to provide followup services * for these former recipients. Job-readiness activities and job clubs may need to expand their training on demonstrating appropriate workplace behavior, getting along with

* supervisors and coworkers, accessing transitional support services, and developing backup support systems. Job developers and job placement specialists should inform potential employers about supports that are available to welfare recipients making the

transition from welfare to work and seek placements with employers who provide, for example, employee mentoring, employee assistance programs, employer-supported child care, and opportunities for advancement within the business.

* Job loss should be considered a normal part of the process of achieving stable employment. Participants who lose their jobs should have quick access to reemployment services that should be available without them having to return to welfare. In Portland, Oregon, participants had access to a job search resource room, under the auspices of the local JOBS programs, where they could undertake job search independently. The multipurpose room has a continuous supply of job orders, job developers, word processors for updating resumes, telephones to call employers, a fax machine, and staff to assist those who need help. Similarly, one-stop career centers provide a valuable resource for individuals to learn about and access employment and training opportunities.

* It is difficult to know up front who needs more intensive services because it is difficult to predict who will lose a job and why. As postemployment projects expand statewide, it will not be feasible to provide ongoing, intensive case management for every individual who leaves welfare for work. States will need to develop criteria for targeting these more intensive services, perhaps to the hardest-to-place or participants placed in certain industries. Access to postemployment services can be provided on an as-needed basis, upon request, as individuals stabilize in the workplace and leave the welfare system.

* Job-specific problemsolving or intervention with employers must be done discreetly and with sensitivity. Many individuals are reluctant to reveal their

* history of welfare receipt for fear of being stigmatized or because they do not want their employer to think they were incapable of dealing with problems independently. Postplacement followup is easier if a mutual confidence-building relationship is established with the company or supervisor prior to employment, such as through job placement activities. Without such a relationship, both the employee and employer may be reluctant to participate in postplacement services.

* Mentoring pairs more skilled or experienced individuals with newly employed welfare recipients or former recipients to help them succeed in the workplace. In many respects, mentors, who may be community volunteers, coworkers, or "peer mentors," assume some of the roles and responsibilities of case managers by providing moral support, advice, and counseling on work and family problems. A broad-based effort to encourage volunteers and employers to create mentor programs can enable a greater number of individuals to receive these services.

* Increasing awareness of the availability of transitional benefits, such as child care, transportation, and health care, will help promote job retention and particularly benefit those individuals who do not have strong ties to the welfare system. Welfare recipients who have not participated in job search or job-readiness training, who find jobs on their own, or who do not have ongoing contact with case managers may not know about the transitional benefits available to them or how to apply for these benefits. By making information more readily available and simplifying the application process and periodic reporting requirements for transitional benefits, individuals will find it easier to access these benefits on their own.

* To help make work pay for welfare recipients and address the low rewards and high costs of working, states should expand efforts to market federal and state earned

* income tax credits. The federal Earned Income Tax Credit Advance Payment Option, which enables a portion of the credit to be added to each paycheck, is especially underutilized.

* Work-related payments can meet broader needs, such as reducing stresses that undermine work or family life and improving the quality of the worker's life. States have the flexibility to use payments under TANF as diversion or postemployment

supports. Beyond more traditional work-related supports, such as for uniforms and car repairs, payments could be used to pay overdue utilities, prevent rent evictions, and deal with family emergencies.

* Aggressive and effective child support enforcement by states complements other job retention strategies. Regular child support payments from the noncustodial parent can also ease the transition to work by providing additional income after the family leaves welfare. (Child support collected while the family is on welfare is generally retained by the state to offset federal and state costs of welfare payments.)

* Although modifying the earnings disregard promotes work and increases the income of low-wage employees, this strategy reflects a policy trade-off. Many states have expanded or extended their earnings disregards to allow recipients to receive more income from work while continuing to receive cash assistance payments. However, because families with earnings will remain on welfare longer, these families will use up their time-limited benefits more quickly.

Strategies to Help Workers Retain Their Jobs

The reasons why welfare recipients lose their jobs and the lessons learned from early job retention efforts suggest that states may need to use several strategies to help welfare recipients retain their jobs. States considering whether to develop a postemployment program will also need to decide which services will be available only to welfare recipients and former welfare recipients and which services will be part of more comprehensive initiatives to help the working poor retain and advance in their jobs and improve their economic situation. They need to be mindful of tensions arising when services are provided to some low-wage workers at a worksite (e.g., welfare recipients) but not others. In addition, some welfare recipients prefer that their recipient status not be disclosed for fear of stereotyping.

States may want to consider the following options to help workers overcome barriers to employment retention:

* providing ongoing case management;

* developing effective mentoring programs;

* providing supportive payments or loans;

* improving access to support services; and

* promoting federal and state earned income tax credits.

Providing Ongoing Case Management

To date, a primary focus of most job retention strategies has been the delivery of intensive, ongoing case management services for welfare recipients after they become employed. Case managers for job retention may constitute new positions in the welfare agency, sometimes called job retention specialists, or may represent an expansion of responsibilities among those in existing positions, such as job placement workers. Case management is being provided by public agencies, private nonprofit or for-profit agencies, and intermediaries under contract to state and local agencies. Employers are recognizing that they do not always have the skills or knowledge to handle some of the problems that may arise with their new employees and consider it a plus that case managers are available to help troubleshoot with their workers.

Under the previous AFDC/JOBS program, states were only permitted to provide case management and related services for ninety days once the individual was no longer receiving cash assistance. Under the TANF block grant, states may provide case management to former recipients for as long as the state determines that such services are appropriate.

Process studies and preliminary one-year impact findings are now available on the effectiveness of job retention case management services carried out under the Postemployment Services Demonstration (PESD) funded by the U.S. Department of Health and Human Services at four sites--Chicago, Illinois; Portland, Oregon; Riverside, California; and San Antonio, Texas. PESD sites provided extended, flexible case management services for up to two years to help people keep the initial job they obtained and quickly find another job if they lost the first one. In addition, case managers were given greater latitude and discretion in providing services, such as the ability to work flexible hours, conduct face-to-face client meetings outside of the PESD office and, at some demonstration sites, offer clients support service payments. Case managers helped participants cope with the workplace, the public aid system, household problems, and the social service network. The primary components of the PESD case management model are:

* counseling, advice, and support;

* reemployment services;

* resolution of benefit issues and help in accessing services; and

* support service payments for work-related expenses.

Initial findings found only modest, statistically insignificant improvements in job retention and earnings at three of the sites. At one site, a slightly greater impact was found on reducing welfare dependency. At the fourth site, lower earnings and increases in welfare were found, though the changes were not significant. The researchers suggest that the disappointing findings may be the result of the evolving and experimental nature of the programs; the fact that ongoing case management services were provided to all enrollees, regardless of client need; and the fact that, in some sites, the control group had access to many of the same services as those in the program.[16]

Although case management has been the hallmark of many job retention efforts, states should realize that intensive, ongoing case management may not produce the desired results. Moreover, this strategy is costly and, therefore, may not be feasible to implement on a large scale. For states that do implement intensive case management to improve job retention, the PESD findings suggest the importance of developing criteria to target those recipients with the greatest need for assistance and differentiating levels of services based on client need. Moreover, programs should not duplicate services that are already available.

The process studies from the PESD sites and from an earlier initiative in Pierce County, Washington, called Steps to Career Success (STEPS) provide useful information about the types of services used and valued by recipients. Experiences in the STEPS program and four PESD sites suggest the following.

* Case managers should establish rapid contact with their clients and maintain ongoing communications through a variety of measures. Problems can arise very quickly for the newly employed welfare recipient who is dealing with many new situations and responsibilities. Early contact, through phone calls, the mail, or meetings, is especially important if the recipient does not already know the job retention specialist. Ongoing communication is essential to develop a rapport with recipients that promotes communication and helps case managers anticipate problems.

* Personal attention and an individualized approach by case managers are critical. PESD participants considered moral support and encouragement to be the most important or helpful support they received. To a higher degree than had been anticipated, case managers also helped recipients resolve problems related to their grant amount and eligibility for Transitional Child Care and Medicaid benefits.

* Case managers must be creative and flexible to gain recipients' trust. Case managers

* must be available and responsive to recipients, maintain a friendly and informal tone in communications, and minimize bureaucratic approaches or procedures.

* Agency policies and procedures may need to be adapted. Office hours may have to be adjusted so services are available after normal office hours, case managers may need increased flexibility to maintain client contacts outside of an office setting, and case managers may need greater discretion to provide payments for "financial emergencies."

* Effective communication within the bureaucracy, both interagency and intra-agency, is important. Job retention staff must frequently negotiate with benefit staff in other agencies to resolve problems for their clients, such as adjusting cash grants properly, resolving grant errors, or ensuring prompt action on child care subsidies.

Some states, localities, and private nonprofit organizations have developed special case management programs aimed at job retention.

Developing Effective Mentoring Programs

Mentoring is one of the many strategies that states are using to help welfare recipients succeed in the workplace and remain employed. Mentoring is the "deliberate pairing of a more skilled or experienced person with a lesser skilled or experienced one, with the agreed-upon goal of having the lesser skilled person grow and develop with specific life/work skills and competencies."[19] Mentors may counsel new employees on managing time and stress, balancing work and home commitments, managing a paycheck and finances, accepting new responsibilities, imparting and receiving constructive criticism, maintaining professional work habits, and dealing with office relationships and etiquette. The length of the commitment between mentor and mentee typically ranges from a few months to a few years. Mentoring programs generally fall into one of three categories.

* Community-Based Mentoring. Mentors in community-based programs are often volunteer families or individuals who are matched with mentees and coordinated through a local community- or faith-based organization. Although some mentors are former public assistance recipients, most are volunteers with longer histories of workplace experience and greater familiarity with issues such as how to devise a budget, get along with supervisors and coworkers, manage family issues (e.g., sick children, child care arrangements, and elderly parents), and deal with stress and anxiety.

* Employer-Based Mentoring. In formal programs established by employers, a current employee is paired with a new employee on the job to help teach the new employee the skills, norms, and expectations of the job as well as help solve problems that arise. The mentor-mentee relationship may also be a less formal arrangement between coworkers or between employees and senior staff, taking the form of talks over lunch or during coffee breaks, to discuss workplace or personal issues. Some state and local agencies, as part of job preparation classes, teach welfare recipients how to develop mentor relationships on their own once they become employed if the employer does not offer a mentoring program.

* Peer Mentoring. Some welfare recipients who are entering the workplace for the first time, reentering the workforce after a considerable period of unemployment, or preparing for a job assert that it is helpful to share their fears, challenges, and successes with individuals who have been in their position before. These "peer mentors" might be former recipients of public assistance, individuals who have had some difficulty adjusting to the workplace, or other employees with workplace experience who can share their strategies for adapting and succeeding at work. Peer mentors are often organized by and made available to welfare recipients through a community-based organization or TANF office. Mentors may meet with working

welfare recipients on a one-on-one basis or convene with other mentors and mentees as a group.

Between 1988 and 1995, Public/Private Ventures (P/PV) studied nearly thirty community-based mentoring programs intended to promote healthy adolescent development. Although these programs largely targeted youth between the ages of eleven and fourteen, P/PV asserts that its findings have implications for mentoring programs serving older youth, young adults, and individuals unfamiliar with an employment or postsecondary education environment. The idea of long-term career mentors has also entered the purview of employment and training programs. The following recommendations for effective community volunteer mentor programs emerged from the research.[20] Many of these recommendations also are applicable to employer-based mentoring.

* Establish a thorough and consistent screening process for potential mentors. The screening process provides programs with an opportunity to select those mentors who are most likely to be successful in the position. Program staff should review volunteers' life commitments and discuss how they intend to incorporate their mentoring responsibilities into their overall schedules.

* Provide new mentors with adequate orientation and training. Some programs offer minimal orientation to explain program procedures and requirements. Others require extensive training on program rules, mentees' backgrounds, theories of behavior, active listening skills, and problems mentors typically encounter. Programs should be designed to best accommodate the participants' needs. Program providers may want to survey both mentees and mentors to determine what type of information and services are most useful to the program participants.

* Encourage mentors to make a commitment to being consistent and dependable and maintaining a steady presence in the mentee's life. For the mentor to have a serious influence on the mentee, the pair should meet on an ongoing and consistent basis. A frequent and accessible relationship

* between the mentor and mentee will foster open communication, trust, and retention of skills learned by the mentee.

* Maintain ongoing supervision of and support for mentors and mentees. When professional staff spend more time contacting volunteers, mentors have better "attendance" rates and develop stronger relationships with mentees, compared with programs in which staff have minimal contact with volunteers. Organizing mentor support groups also enables volunteers to discuss their challenges and frustrations with other mentors facing the same challenges.

Providing Supportive Payments or Loans

Taking advantage of the flexibility provided under TANF, many states have established diversion programs, offering short-term financial assistance and services to working families to address emergency situations that might otherwise lead to job loss and reliance on welfare. Currently, nineteen states offer lump-sum payments that can be used, for example, for making car repairs, paying rent to prevent eviction and homelessness, and purchasing tools or uniforms.

Improving Access to Support Services

The ability of welfare recipients and former welfare recipients to have easy and uninterrupted access to support services, such as child care, transportation, health care, and housing, is critical to successful employment. With the significant decline in TANF caseloads, many states are in a stronger financial position to invest more in support services for individuals leaving welfare for work and the working poor. Many states are increasing their investments in support services. However, states should also increase their efforts to inform recipients and employers about these supports.

In a 1997 followup survey of welfare recipients in Indiana, 43 percent, 39 percent, and 37 percent, respectively, said that their ability to work was limited by child care problems, transportation problems, and by the health or disability of themselves or a family member.[21] In another study conducted by the Southern Regional Institute on Children and Families, recipients were asked what benefit they considered most important to accept a full-time job. Almost half (48 percent) reported child care, 32 percent reported Medicaid for their children, and 12 percent reported transportation.[22]

The ability of working welfare recipients to receive these supports and to receive them for a sufficient time can be hampered by many factors, including the following.

* Lack of information about the available supports. This is particularly true for recipients who secured a job without the aid of a case manager or job placement specialist and those who secured a job but do not return to the agency for recertification or notify the agency that they have a job. In a South Carolina followup survey of individuals who had left welfare, more than half were unaware that assistance to pay for child care was available if they left welfare for work.[23] To address this issue, states should inform recipients of the availability of transitional supports upfront, for example, during eligibility determinations and assessments, and as part of job search and job-readiness programs. They should also disseminate information about these supports in their outreach and job placement efforts with employers and community organizations.

* Complicated eligibility and recertification processes and forms. For example, individuals must go through a separate application process and income reporting process for the second six months of Transitional Medicaid coverage. In many states, under the previous AFDC program and multiple child care programs, individuals had to reapply for child care when their status changed from working and on welfare to just working and when their transitional benefits ended. Under TANF, it is much easier for states to create a less complicated, seamless child care system. Simplifying forms and processes will also make it easier for individuals to

* access these benefits without the assistance of a caseworker.

* Supports, particularly time-limited supports, that end before individuals are in a financial position to assume the additional costs on their own. A recent study found that only 22.5 percent of women had private health insurance one year after leaving AFDC; three years after leaving AFDC, 38 percent of women had private coverage.[26] Even if employers offer health insurance benefits, low-wage workers may not be able to afford the premiums.

* Mismatch between the need for and supply of child care. Often there is a lack of child care during nonstandard work hours, before and after school, for infants, for sick children, and in rural areas. For example, a 1996 Washington survey of working welfare recipients and those who had left welfare for work found that 9.2 percent had an evening shift, 6.0 percent had a night shift, 5.4 percent had a rotation shift, and 23.4 percent had an irregular schedule, for a total of 44 percent with nonstandard hours.[27]

* Mismatch between the need for and supply of transportation. Often there is insufficient public transportation for individuals living in inner cities to reach jobs and services in the suburbs. Although many recipients live in rural areas, 40 percent of rural communities have no available public transit.[28] A study of Cleveland, Ohio, found that even with an eighty-minute commute, residents in selected neighborhoods with high concentrations of public assistance recipients could reach less than 44 percent of appropriate job openings.[29] Like child care, public transportation during nonstandard work hours is limited.

Increasingly, states are focusing on these problems and have begun to adopt a variety of initiatives.

Improving Outreach

In 1997 the Southern Institute on Children and Families launched a regional outreach effort with seventeen southern states and the District of Columbia to help identify ways to improve access to benefits for low-income families with children. Focus groups with recipients, community organizations, and employers in three southern states showed a startling lack of knowledge about Transitional Medicaid, Medicaid eligibility for children, Transitional Child Care, and the Earned Income Tax Credit. In response, the project developed separate "plain English," graphically attractive information outreach brochures for welfare recipients, working families, and employers on benefits available to low-income working families with children. Testing of the brochures found that the increase in the understanding of benefits was statistically significant after focus group participants read the brochures. Videos, also available in Spanish, have been produced. Currently, all project states are either using or planning to use the brochures and adapt them to specific state policies and programs. The project was funded by the Robert Wood Johnson Foundation. Contact: Sarah Shuptrine or Genny McKenzie, Southern Institute on Children and Families, 803/779-2607.

Under Maryland's Project Retain, low-income individuals with either emergency or routine problems that might cause them to lose their job can get help by calling a toll-free hotline number that will put them in touch with services available in their county. Callers are directly linked to public, private, and private nonprofit agencies that provide assistance in the areas of child care, transportation, housing, emergency shelter and food, substance abuse, health and dental care, family counseling, domestic violence, and child support. Information on the Project Retain hotline is being distributed at local departments of human services and job centers along with "exit packets" that include information and brochures about project services. The project is being conducted by the Maryland Community Services Administration in partnership with the Maryland Family Investment Administration. Contact: Carolyn Edmonds, Maryland Department of Human Resources, Community Services Administration, 410/767-7410.

Improving Access to Transportation[30]

A number of states and localities, including St. Mary's County, Maryland, are making use of geographic information system (GIS) mapping software to assess where public assistance recipients live; where job opportunities, child care, and job training sites are located; and the transportation available or needed to make these links. This information can be used to change existing transit routes or create new services. Contact: Libby Hayes, KFH Group, 301/951-8660.

New Jersey has adopted a number of new transportation initiatives. Under "Get a Job, Get a Ride," the state will provide free NJ Transit bus and train passes to welfare recipients for one month after they have found work. The state has also created a Transportation Innovation Fund that provides funding to counties on a competitive basis. Counties must develop a transportation coordination plan that proposes innovative solutions to address gaps in welfare-to-work transportation service. In addition, the state is funding several demonstration projects. Monmouth County provides recipients with transportation to jobs by integrating them into existing transit services for the elderly and disabled. Gloucester County has developed a feeder network to provide short-trip transportation from home to public transit or from public transit to work. Contact: Diane Schonyers, New Jersey Department of Human Services, 609/292-1094, or Kyra Tirana Barry, New Jersey Department of Transportation, 973/491-7105.

The Tennessee Department of Human Services established a system of broker agencies across the state. The brokers are responsible for providing a variety of transportation options and services to Families First participants. Services include monthly mass transit passes, gasoline vouchers, subsidized van service, clustering and car pooling, and participant reimbursement. Local school boards in some rural areas permit participants attending an educational program to be transported on school buses. The "First Wheels" car ownership program has been implemented in

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several rural counties and enables participants to purchase reliable previously owned automobiles, with no finance or interest charges. In addition to providing reliable transportation, "First Wheels" assists participants in establishing a credit history and provides ride-share opportunities for other Families First participants Contact: Sherri Carroll, Tennessee Department of Human Services, 615/313-5758.

Improving Access to Child Care

Some states are trying to ensure child care assistance to all working poor families that meet an established income eligibility criteria (e.g., based on a percentage of the federal poverty level or the state's median income). Individuals leaving welfare for work would be eligible for child care subsidies provided their income does not exceed the specified threshold. States that are providing child care to all eligible families based on an income standard include Colorado, Illinois, Iowa, Kansas, Missouri, Oklahoma, Rhode Island, Vermont, Washington, and Wisconsin. To support all eligible families, many states have increased state spending on child care and may have to continue to do so to avoid waiting lists. Some states have also increased parent copayments to offset the additional costs of serving more families.[31]

Some states have expanded Transitional Child Care from twelve months to twenty-four months, including Minnesota, Nebraska, Nevada, New Hampshire, and New Jersey. In other states, such as California, Connecticut, Maine, and Georgia, Transitional Child Care for former welfare recipients is no longer based on a time limit but an income standard. Louisiana will guarantee a slot for up to two years for families that did not need child care when they first left the welfare system.[32]

In Alaska, the lead child care agency, in conjuction with a sister agency, is working with community-based organizations to develop partnerships between local child care facilities and businesses to increase child care capacity and provide child care during nontraditional hours with in-kind contributions from employers. Contact: Carla Timpone, Alaska Department of Health and Social Services, 907/465-3329.

Kansas awards grants funded by the Child Care Development Fund to local communities to improve the accessibility, supply, and quality of child care. Activities include establishment, expansion, and quality enhancement for centers; school-age programs, employer-sponsored child care, Head Start Wrap-Around services; and provider training. Priority is given to facilities promoting alternative care options, including second- and third-shift hours and weekend employment to communities with the fewest child care slots relative to the number of children. A statewide grant program for licensed family child care providers is also available through the resource and referral network. Contact: Jean Morgan or Verna Weber, Kansas Department of Social and Rehabilitation Services, 785/296-3374.

Improving Access to Health Benefits

To increase the use of Transitional Medicaid, several states are creating links through their management information systems between Medicaid and other public assistance systems, enabling computerized eligibility and automatic enrollment when clients move from welfare to work. Tennessee's ACCENT system is one such effort.[33] Contact: Carol Brown, Tennessee Department of Human Services, 615/313-4873.

The 1996 federal welfare reform legislation continued Transitional Medicaid for twelve months for families that would lose eligibility because of increased earnings. However, twelve states--Arizona, California, Connecticut, Delaware, Nebraska, New Jersey, Rhode Island, South Carolina, Tennessee, Texas, Utah, and Vermont--indicated in their TANF state plans that, under waiver authority, they will extend Transitional Medicaid beyond twelve months, generally to eighteen or twenty-four months. Other states are using waivers to simplify the eligibility process. For example, Maryland does not require monthly reporting or income testing requirements. Massachusetts will automatically extend Transitional Medicaid from six months to twelve months without requiring income reporting when welfare benefits

are terminated because of earnings. Some states have received waivers to expand Medicaid coverage more broadly. Hawaii provides Medicaid coverage to individuals with incomes up to 300 percent of the poverty level and offsets the additional costs by requiring cost sharing.[34]

The enactment of Title XXI, the State Children's Health Insurance Program (SCHIP), will enable states to expand health insurance coverage to uninsured children below age nineteen in working poor families with incomes below 200 percent of poverty, either by creating a separate state program, broadening Medicaid, or doing both. In New Jersey, a Medicaid expansion will provide comprehensive health care coverage to all children ages six to eighteen living in families with incomes below 133 percent of the poverty level. A separate state program will cover children ages birth through eighteen living in families with incomes between 133 percent and 200 percent of poverty. Families above 150 percent of poverty will pay a $15.00 monthly premium and a small copayment for certain services. Contact: Michelle Walsky, New Jersey Department of Human Services, 609/588-2600.

Those states that choose to use Title XXI funds for expanded coverage under a Section 1115 waiver may also provide coverage to parents making the transition from TANF to work. For example, under Vermont's submitted but not yet approved plan, coverage would be extended to parents with incomes between 150 percent and 185 percent of the federal poverty level. Parents would receive most of their benefits through managed care plans and pay a $25.00 premium per six-month period. Under Missouri's plan, former welfare recipients who have exhausted their Transitional Medicaid coverage can continue to receive this coverage for two more years provided their family income is below 300 percent of the federal poverty level and there is a child in the home. Contacts: Ann Rugg, Medicaid Division, Vermont Department of Social Welfare, 802/241-2766; and Greg Vadner, Division of Medical Services, Missouri Department of Social Services, 573/751-6922.

Promoting Federal and State Earned Income Tax Credits[35]

The availability of the federal Earned Income Tax Credit (EITC) and state earned income tax credits for low-wage working families is a critical factor in the equation to determine whether it is financially more advantageous for a parent to remain in a job or quit. The federal Earned Income Tax Credit helps make work more attractive than welfare by offsetting or reducing the federal payroll and income tax burden for low- and moderate-income workers, primarily those with children. For families with incomes so low that they do not have a federal tax burden, EITC provides a wage supplement. For eligible families with very low earnings, EITC can increase the family's income from wages by 34 percent to 40 percent. EITC is available for families in which one or two parents are working as well as for childless individuals. For workers raising two or more children and earning between $9,400 and $12,300, the maximum tax credit in 1998 will be $3,756. After this income threshold the credit begins to phase out gradually, and a family is no longer eligible when its income exceeds $30,095.

A recent summary of new research findings on the effects of EITC concluded that the tax credit substantially increases work effort among single mothers. One study attributed more than half of the increase in the proportion of single mothers in the workforce between 1984 and 1996 to EITC expansions that occurred during this period. Studies demonstrate that EITC moderates the widening gap between the wealthy and working poor. In 1996, 4.6 million people in working families were lifted out of poverty because of EITC, more than half of whom were children. Recent census data show that among working families, EITC lifts substantially more children out of poverty than any other government program or category of programs, particularly in the South where wages are low and among Hispanic families.[36]

Ten states--Iowa, Kansas, Maryland, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Vermont, and Wisconsin--have enacted their own earned income credits to supplement the federal EITC. State earned income tax credits provide workers with higher income and offset state tax burdens. Three of these

states--Kansas, Massachusetts, and Oregon--adopted their credit since 1997. Under the proposed TANF regulations issued in November 1997, states will be able to count a portion of state expenditures on refundable state EITCs provided to eligible TANF families toward the TANF maintenance-of-effort requirement.

Using the EITC Advance Payment Option

Employees generally receive their federal tax credit in a check from the Internal Revenue Service (IRS) after tax-filing season. However, workers raising children may also select the EITC Advance Payment Option to have a portion of the credit added to each paycheck and receive the remaining lump sum, usually half or more of the credit, at the end of the year. For families earning between $490 and $1,000 per month, this can mean an additional $50 in each biweekly paycheck. For newly employed welfare recipients struggling to meet work-related expenses, such as food, clothing, and transportation, the EITC Advance Payment Option can be a significant help.

Promoting the EITC and the Advanced Payment Option

Although it is estimated that between 80 percent and 86 percent of eligible families receive the federal tax credit, less than 1 percent use the Advance Payment Option. Lack of knowledge about EITC and the EITC Advance Payment Option is a problem among recipients, community organizations, and providers. Sometimes agency staff know about EITC but are reluctant to promote the EITC Advance Payment Option because of a lack of understanding and concerns about possible tax liability as a result of changes in recipients' circumstances. Given the convincing evidence of EITC's contribution to encouraging employment among single parents and helping lift these families out of poverty, outreach efforts, particularly related to the Advance Payment Option, will continue to be important.

* Welfare recipients entering a work first program should be told about EITC early on because it may affect the way they view their participation in the program and their interest in finding a job.

* Organizations involved in the delivery of welfare-to-work programs should train their staff to help individuals understand the benefits and application process of the EITC Advance Payment Option. Welfare agencies in Virginia and West Virginia have embarked on efforts with the IRS and Center on Budget and Policy Priorities to train caseworkers to understand EITC eligibility and tax filing issues that may arise among those combining public assistance benefits with work or those moving into full-time employment.

* States should also focus their outreach efforts on employers and organizations of employers to improve their understanding of EITC and the Advance Payment Option and encourage them to promote the credits among their low-income employees. Employers incur no costs; they subtract the amount of the Advance Payment Option from the total of withheld employee taxes they deposit with the IRS. Under federal law, employers must provide advance payments to eligible workers who file the appropriate form. Some large, national employers, including the Marriott Corporation and NationsBank, are actively engaged in promoting EITC among their workers.

The Center for Budget and Policy Priorities, a national advocacy organization located in Washington D.C., annually coordinates a national outreach campaign on EITC and works with nonprofit organizations, businesses, and state and local agencies to launch EITC campaigns. State agencies have been key players in some of these campaigns to get the word out to low-income workers.

State Examples

Initiatives to Meet the Needs of Employers

Under Utah's Employment Support Services Program, a firm that hires a recipient who has been on welfare for at least twelve of the last twenty-four months and has significant barriers to employment is given $500 per month for the first six months of the recipient's full-time employment as compensation for specialized supervision. As a condition of receiving the subsidy, the recipient's supervisor must attend a special training program to learn about the characteristics of welfare recipients and how to identify and respond to barriers to employment, including maturity issues (e.g., absence, tardiness, and task completion), mental health and substance abuse problems, disabilities, and exposure to domestic violence. If the recipient is still working at the end of twelve months, the employer receives a lump sum of $1,000 to cover the costs of the specialized supervisor. Contact: Helen Thatcher, Utah Department of Workforce Services, 801/468-0177.

Ceridian Performance Partners, a business unit of the information services company Ceridian Corporation, operates Partners in Progress to help companies hire, train, and retain qualified welfare recipients for entry-level positions. In addition to providing a job-readiness curriculum for applicants, Partners in Progress offers a two- to four-hour training program for managers that provides insight into the characteristics of welfare recipients and the needs of entry-level employees. Managers have ongoing toll-free telephone access to experienced management professionals who can help them respond to workplace issues. Partners in Progress also offers ResourceNet, an employee assistance program that gives workers toll-free telephone access to counseling professionals who can help them assess their problems, offer support, and identify resources. Ceridian Performance Partners offers a program very similar to ResourceNet to hourly employees of the Marriott Corporation, providing a twenty-four-hour hotline staffed by twelve case managers.[13] Contact: Marsha Berry, 612/853-6070, or Carol Miller, 215/542-6786.

Wisconsin's welfare reform initiative, Wisconsin Works or W-2, has prepared an employer handbook for hiring W-2 and other new workers. Meeting Your Workforce Needs explains the different types of employment arrangements in which employers may participate, such as unsubsidized employment and subsidized employment,. The handbook makes employers aware of the support services the state offers to W-2 participants and the range of assistance available to employers to hire and retain W-2 workers, including state and federal incentives. It also provides a contact in each county for interested employers. Contact: J. Jean Rogers, Wisconsin Department of Workforce Development, 608/266-3035.

The Denver Workforce Initiative (DWI) is one of six eight-year Casey Jobs Initiative demonstration sites designed to improve the access of disadvantaged young adults to family-supporting employment. DWI targets people between the ages of eighteen and thirty-five from seventeen of the city's low-income neighborhoods. The program not only is intended to help residents get family-supporting jobs, but also to meet the employment needs of the local business community, which is experiencing a shortage of skilled labor. Primary products of the initiative include the following.

* "Managing To Work It Out" Supervisor Training. The training curriculum addresses the role that businesses can play in improving their worker retention rates. Company supervisors learn how to teach new hires to anticipate and solve certain workplace problems. They also learn techniques for leading and motivating new workers. Sessions are customized, take place at the worksite, and are conducted to accommodate supervisor schedules.

* "Working It Out" Participant Training. A similar course is offered to participants. They learn a five-step process for effectively recognizing and solving problems on the job, including how to express their feelings in acceptable and productive ways. In addition, through the DWI

employee assistance line, trainees can get help on, for example, legal issues and child care problems.

* "Work/Life Solutions" Employee Assistance-Style Program. DWI is developing a service comparable to company employee assistance programs that employers could purchase for their entry-level employees. Workers would be able to access counseling and referral services via the telephone.

* "Improving Community Connections" Recruitment Program. DWI seeks to create diverse pathways into the labor market for people in targeted neighborhoods using a community coach model. Community coaches are responsible for finding people who are appropriate for the jobs being developed and help support them once they are on the job to improve their chances of staying employed.

At least twenty companies that have worked with DWI will continue to offer workplace learning opportunities and supervisory training. Contact: Brenda Palms, associate director, Denver Workforce Initiative, 303/825-6246.

Connecticut operates a tax credit program for businesses that provide direct child care financial assistance or renovate or build new child care centers on or near their business location.[14] Contact: Norm Girard, Connecticut Department of Revenue Services, 860/424-5006.

Hawaii's Transitional Opportunity Program offers a six-month trial employment period for welfare recipients placed in the private sector. During this period, the state pays a wage subsidy to the employer, and workers are eligible for child care, transportation, and Medicaid assistance. The employer provides training and there is an expectation, though not a requirement, that if the six months are satisfactory for both parties, the trainee would be hired in the seventh month. There are few recordkeeping requirements for employers. Contact: Kris Foster, Hawaii Department of Health and Human Services, 808/586-5729.

In west Florida, more than thirty-five employers have joined a vanpool program because potential employees could not reach their worksites. Developed by the local chamber of commerce and the West Florida Regional Planning Council, the vanpools transport workers from their inland homes to their places of employment--hotels, stores, and restaurants in Destin and South Walton Beaches. Service is provided around the clock, and park-and-ride lots at food stores, police stations, and high schools are the pick-up and drop-off points. The employer matches the fees paid by the rider.[17] Contact: Daniel Deanda, West Florida Regional Planning Council, 850/595-8910.

The Indiana Tool Kit for Employers and Community Planners provides options and approaches for employers to consider when addressing the child care needs of their employees. It discusses the choices and related costs for small and large businesses, provides suggestions for building partnerships with communities, and lists resources and more detailed information on a variety of family-friendly initiatives. Funded by the Indiana Child Care Fund, 2,000 copies of the tool kit have been distributed. Contact: Carol Stein, Indiana Family and Social Services Administration, 317/232-1148.

The Child Care Executive Partnership in Florida is an innovative child care financing strategy to encourage public-private partnerships for child care. The state provides incentives, through matching funds, to employers to cover a portion of child care costs for their low-income employees who are eligible for state-subsidized child care. In fiscal 1997, the partnership raised $4 million from the private sector that was matched by $4 million in state funds. Employers can also contribute to a general child care purchasing pool that will be used to help low-income children in the community. Contact: Larry Pintacuda, Florida Department of Children and Families, 850/921-4713.

Employers in Maine can receive enhanced referral services from eleven child care resource development centers. Block grant funds enable the centers to hire child care referral specialists for those receiving TANF or making the transition to employment. The centers provide followup and consultation services to employees. In addition, employers may contract for technical assistance on selecting the most appropriate child care option for their business.[18] Contact: Dianne Stetson, Maine Department of Human Services, 207/287-5014.

Case Management

In November 1997, the Rhode Island Department of Human Services created a new employment placement and retention service unit to help welfare recipients who had been placed in jobs through the critical transition period. Six employment placement and retention service specialists, each of whom is assigned to a region of the state, provide a minimum of six months of ongoing case management with the individuals they have placed with employers. Emphasis is placed on making frequent contacts with the individual during the first week of employment to help with initial adjustment issues and maintaining regular contacts with the employer. The retention specialists serve as system advocates for the worker to ensure that child care arrangements are working and other planned services are available. Their ability to help out if a problem arises with the employee is part of their broader marketing strategy to encourage employers to hire welfare recipients. The retention specialists may call employers to find out how the individuals they have placed are doing. Where the agency is providing customized training for the employer, the retention specialist may work on site. Contact: June Allen, Rhode Island Department of Human Services, 401/464-5369.

Under Utah's Intensive Employment Services Program, employment centers are encouraged to contract with local agencies to provide up to six months of intensive, work-related case management to welfare recipients who have substantial employment barriers. Under the terms of the contract, the case manager must develop an intensive services plan with the individual, locate a job placement within 75 days, provide one-on-one job coaching, and provide 50 to 100 hours of case management in the first six months. Most employment centers are expected to contract with local vocational rehabilitation, public and private nonprofit, mental health, and substance abuse treatment agencies, which already have effective models of intensive case management/job coaching for their clients. Contact: Helen Thatcher, Utah Department of Workforce Services, 801/468-0177.

Goodwill Industries of Greater New York has created a Member for Life program to keep track of individuals who have gone through Goodwill's vocational rehabilitation training program. The purpose is to provide these individuals with ongoing support after they have moved on to regular employment, and assess the effectiveness of Goodwill's training and placement services over the short and long term. Goodwill is creating a database with basic information about the participants that will be updated at least yearly based on surveys that ask them about their current job, any job losses, the length of time it took to find a new job, wages, and wage increases. Participants will receive regular followup phone calls and will have access to a toll-free number to call Goodwill whenever they have job-related questions or problems. Employers will also be encouraged to call Goodwill. Goodwill Industries of Greater New York serves more than 19,000 annually in New York's five boroughs and north to Albany. Contact: Martha R. Gotwals, Goodwill Industries of Greater New York, 718/777-6335.

A collaborative initiative between Goodwill Industries of NW North Carolina, Inc., NC Baptist Hospital (NCBH), and Forsyth County Department of Social Services helps recipients get and keep jobs at NCBH. Reaching Independence Through Employment (RITE) pairs new employees with an employment transition specialist (ETS) and an employment retention specialist (ERS). The ETS accompanies new employees to the job site, provides assistance with hands-on aspects of the job, and helps resolve any barriers to maintaining employment, including getting along with supervisors and

coworkers, maintaining attendance, being punctual, addressing child care issues, finding transportation, and dealing with the fear of being employed and not receiving cash assistance. The ETS and ERS also communicate with supervisors and maintain close contact with RITE participants for at least one year. Since April 1997, forty-one recipients have participated in the RITE program and thirty-six remain employed. Contact: Sherry Carpenter, Goodwill Industries of NW North Carolina, Inc., 366/724-3625.

Effective May 1, Virginia requires a minimum six-month job followup period of intensive job coaching and case management with mandatory contacts, face to face and by telephone, for all recipients who go to work. Contact: Denise Dunbar, Virginia Liaison Office, 202/783-1769.

The mission of Support Training Results in Valuable Employment (STRIVE) is to prepare, train, place, and support inner-city young adults in long-term employment positions. Its primary site is East Harlem, but the program also operates in Pittsburgh, Boston, Chicago, Miami, and Denver. It serves out-of-school youth, youth phasing out of the foster care system, former substance abusers, public assistance recipients, single parents, and ex-offenders between the ages of eighteen and twenty-five. STRIVE offers a range of pre- and postplacement services, including case management, career development, counseling on housing and domestic issues, personal development, interpersonal communication, and job retention support for a minimum followup period of two years.[24] The program provides followup services, such as periodic phone calls to participants and meetings with their employers at the workplace. By 1997 all sites had placed 14,000 people in jobs, with followup studies revealing that 80 percent remained employed after two years.[25] Contact: Michelle Hodges, Support Training Results in Valuable Employment, 212/360-6695.

Mentoring Programs

Mentors in the Iowa Volunteer Mentor Program participate in an orientation session in which they are instructed in several areas, including sensitivity training, communication, decisionmaking, confidentiality, reporting, evaluation, and resource referral. Volunteers also receive ongoing support and direction from volunteer mentor coordinators regarding the mentees (welfare recipients) with whom they are matched. A regularly scheduled "get acquainted meeting" for mentors enables volunteers to meet other mentors, share ideas and concerns, and learn about community resources. The program is developing program performance measures in conjunction with the state's "budgeting for results" measures so its effectiveness can be evaluated. Contact: Jane E. Schockemoehl, Iowa Workforce Development Department, 515/281-9052.

Kentucky's Statewide Mentoring Program provides a mentoring model for counties to use and adapt to their unique community structures. The model suggests ways that counties can recruit and screen mentors, conduct orientation and training for volunteers, develop a program agenda, evaluate the program, and devise a budget. Each mentee is given descriptions of volunteer mentors and can select a mentor best equipped to fulfill his or her personal support needs. The program advises that the mentoring relationship include a commitment of at least one year of weekly contacts (one to two hours per week) between the mentor and mentee. Contact: Tresa Short, Kentucky Cabinet for Families and Children, 502/564-3440.

Delaware expects to build long-term capacity for its community-based volunteer mentoring program through a collaborative effort with Volunteers in Service to America (VISTA). The state will use VISTA coordinators statewide to provide individual, group, and peer mentoring services to low-income families. The state intends to have the coordinators in place by January 1999. Currently, Delaware contracts with community organizations to match the organizations' mentors with welfare recipient needs. Contact: Gloria Upshur, Delaware Department of Health and Social Services, 302/577-4407.

As part of the services it provides for all new employees, United Airlines matches any interested new hire with a mentor for the first couple months of employment. Volunteer employee mentors receive background training, though the relationship and learning involved is fairly informal. Mentors and mentees might schedule sessions to talk on coffee breaks, during lunch, or at each other's workspaces. Mentors are often employees who have dealt with some of the challenges faced by the new hires and can share personal experiences and information regarding area resources. Some of the areas in which mentors advise mentees include obtaining transportation, securing child care services, and getting familiar with the office building and corporate culture. The company hired more than 400 welfare recipients in 1997 and intends to hire up to 2,000 by 2000. Contact: Scott Gilday, United Airlines, 847/700-5011.

Home Care Associates (HCA), located in Philadelphia, is one of three worker-owned health care companies in the Cooperative Health Care Network that serves South Bronx, Boston, and Philadelphia. The enterprise provides employer-based training and, within five weeks, participants are employed as Medicare-certified home health aides earning between $6.50 and $7.25 per hour. Peer mentors are assigned to trainees during the training program and first three months of work. They also work with the training and job coaching staff to ensure that trainees are supported. The peer mentors take trainees into patients' homes prior to their official entry into HCA to introduce them to the career field and training program. They also observe the trainee, on site, help them learn the tricks of the trade, act as "study buddies," serve as guest speakers for some training sessions, provide empathy and support for trainees working with dying patients, and coordinate special events for trainees. Contact: Diana Waters, Home Care Associates, 215/735-0677.

Sister to Sister is a network of former and current welfare recipients who offer support, information, training, and empowerment to women striving for self-sufficiency. Participants meet monthly for three hours at a time to share information about current welfare changes, personal issues, family milestones, challenges faced, and other topics related to reaching their goals. A "sister" can use the network for as long as she needs. In addition to obtaining advice from former welfare recipients on how to succeed in the workplace and become self-sufficient, mentees gain emotional support and understanding from individuals who have been where they are now. Dinner is served by a community organization at each of the monthly gatherings, and onsite child care is provided to enable the women to talk free of interruption. Contact: Marva Lynn Shellenberger, Ramsey County Human Services Department, 612/296-5831.

Supportive Payments and Loan Programs

Ohio counties administer the Prevention, Retention and Contingency Program that is targeted to the working poor. Counties may provide one-time payments of up to $1,800 per year to individuals with incomes at or below 150 percent of the poverty level. One county set up an "incidental fund," giving TANF recipients who enter the workforce access to $120 to cover emergency expenses. When a recipient requests the money, the caseworker has an opportunity to assess her situation and provide other needed services. Contact: Debra Radcliffe, Ohio Department of Human Services, 614/466-6024.

Indiana provides welfare recipients with supportive payments of up to $200 a month for bus passes, mileage driven, or other transportation expenses. In addition, the state offers $500 per year to a client for vehicle repair costs and covers some of the costs associated with driver's training, obtaining a driver's license or auto insurance, and the nontax portion of license plates. For employed recipients who are transitioning off welfare, the state allows ninety days of transportation and auto repair assistance. Contact: James Stiles, Indiana Family and Social Services Administration, 317/232-4908.

Kentucky's Family Alternatives provides supportive payments of up to $1,500. Individuals receiving the payment are excluded from receiving TANF for one year. Candidates for the program include those facing short-term family or personal challenges, such as transportation, child care, child support, and housing, or employment-related problems. Other support services are offered, such as referrals to employment services, life-skills training, and community-based resource providers. Contact: Viola Miller, Kentucky Cabinet for Families and Children, 502/564-3866.

Wisconsin Works (W-2) provides short-term, no-interest "job access loans" to cover immediate expenses that have a direct relationship to obtaining or maintaining employment. For example, the loans may be used for car repairs, car loans, work-required clothing or equipment, rent to prevent eviction, security deposits, and job relocation. W-2 eligibles must work out an acceptable monthly loan repayment plan and may partially repay the loan through volunteer community service. Job access loans may be extended to a maximum credit line of up to $1,600 for a twelve-month period and typically must be repaid within twelve months. Contact: J. Jean Rogers, Wisconsin Department of Workforce Development, 608/266-3035.

Promoting the EITC

The Kentucky Cabinet for Children and Families sends EITC notices to TANF clients annually with their December monthly benefits to coincide with the receipt of W-2 forms. In addition, all TANF and Food Stamp recipients whose cases involve earned income receive a computer-generated notice on EITC. The employment services agency includes EITC training in its monthly job-readiness classes. EITC information is included in mini-training sessions that prepare people for work experience programs. Contact: Noreen Quire, Kentucky Cabinet for Families and Children, 502/564-5312.

Some state agencies incorporate a privately developed EITC hotline number in EITC materials. Although the IRS operates a toll-free number, it is notoriously difficult to access. The Minnesota Department of Revenue participates in a coalition effort to promote the federal and state working family tax credits and contributes an automated hotline that locates the closest free tax assistance location by zip code. The department provides a second automated hotline that can tell taxpayers whether they qualify for the credit and which forms need to be filed to get the credit. The department also prints fliers and posters for distribution to community agencies that combine information about both the federal EITC and the state's Working Family Tax Credit. These fliers are printed in various languages and include the hotline number. Contact: Deb Waszak, Minnesota Department of Revenue, 612/297-5487.

The Maryland Department of Human Resources is a key partner in the MD EITC Campaign. It covers the printing costs of 125,000 EITC fliers provided to organizational partners for their own mailings and dissemination, and mails fliers to 20,000 child care providers and 1,500 churches and community agencies in the state. It also funds a part-time coordinator for the campaign, who works as a consultant to the Maryland Committee for Children. The fliers include an EITC hotline number staffed by United Way's First Call for Help. Contact: Stacy Rodgers, Maryland Department of Human Resources, 410/767-7017.

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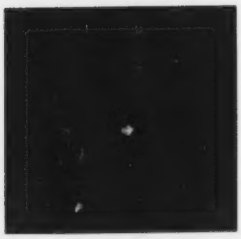

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Helping Welfare Recipients Increase Their Wages and Advance

Staying employed enables individuals to develop a solid work history and learn skills on the job. However, many welfare recipients are likely to qualify only for entry-level, low-wage jobs that may make it difficult to support their families. Consequently, it is essential to find ways to help them increase their wages and advance beyond entry-level jobs.

Promoting career advancement among newly working welfare recipients is challenging. Research suggests that women with children and high school dropouts are less likely than other workers to advance to better jobs.[37] In addition, many welfare recipients have low basic skill levels that make it difficult for them to succeed in occupational training.

Prior to welfare reform, state welfare systems mostly focused on building people's skills to help them get better jobs than they could on their own. However, the challenges of welfare reform require that welfare systems focus their attention closely on meeting employer needs and collaborating with them to make workplaces centers of learning.

Program administrators can promote career advancement among welfare recipients at several points during the employment process. At the front end, caseworkers can provide information and guidance to recipients that stress the importance of using an entry-level job to develop a work history and gain skills that will help them get better jobs. It is important that they be encouraged to use a first job as a stepping stone to a better one. When recipients are placed in jobs, administrators should be aware of which employers provide opportunities for additional training and workplace learning and paths to better jobs. Opportunities for career advancement vary among employers and industries. For example, in a study of three major industries in which welfare recipients could get jobs--health care, hospitality, and child care--researchers determined that, for workers with limited education, the most career advancement potential exists in the hospitality industry.[38] Finally, after recipients have begun working, intensive postplacement support may be needed to help them make the most of their job and find their way to better jobs. Providing opportunities for postplacement skill development is also important.

The focus on career advancement for welfare recipients is relatively new, so policymakers should look for successful strategies outside of the welfare system. The fields of job training, education, and economic development can provide lessons to guide employers and policymakers. The lessons learned from programs in these fields can be applied to new state employability development programs to:

* change the design of government-sponsored job skill development programs;

* improve access to education and training outside of work;

* promote learning at the workplace; and

* help individuals access career ladders or pathways.

Changing the Design of Government-Sponsored Job Skill Development Programs

States should examine ways to restructure education and skill development programs to complement the work first orientation of welfare reform. For example, the programs could be condensed so that participants can complete them in shorter timeframes. In addition, states should examine how to structure programs in modules so individuals can complete them a little at a time. The remainder of the training can take place after workers are on the job. In the tight labor markets in many areas of the nation, employers may prefer this change because they can get new employees into the

workplace faster. For individuals, this strategy may also increase the likelihood that what they learn in training is reinforced on the job. This strategy may best be accomplished by customizing training programs to industry needs and designing these programs in conjunction with employers.

Several decades of experience in welfare-to-work, job training, and education programs suggest the following.[39]

* The most effective rapid attachment welfare-to-work programs provide a mix of services that includes job search assistance along with other services, such as short-term education and training.[40] For example, the widely cited Riverside, California, Greater Avenues to Independence (GAIN) program of the early 1990s provided many of these services under its rapid attachment model. Some of the participants received education and training, though employment was still a central focus of the model.

* On-the-job training is a strategy that can be used to combine training and employment, provided clients are placed in environments in which they can learn valuable skills. The national Job Training Partnership Act (JTPA) evaluation concluded that a combination of job search assistance and on-the-job training was among JTPA's most successful service strategies and helped recipients earn more on the job.[41] Short-term classroom training alone was one of the least successful strategies.

* Welfare-to-work programs should forge stronger ties with the education and training systems so individuals can access education related to their occupational field while they are working. For example,

* community college programs that address the needs of specific industries can provide skill upgrade training to workers after they are employed.

* States should consider offering education and training providers incentives to make their programs more accessible to people who work. States can provide financial incentives to institutions to redesign their programs to accommodate individuals who need to go to work quickly or who are already employed. They can also work with their public postsecondary institutions to help them expand low-income workers' access to these institutions.

* Designing training programs in conjunction with specific employers or groups of employers helps ensure that any preemployment training is linked to opportunities for postplacement training. Moreover, this strategy may improve the relevance of training and convince participants that training will lead to a job and opportunities for advancement.

* Basic skills training should be connected to the workplace and occupational skills training. Some of the most successful programs combine basic skills education with other types of training and work experience. Partnerships between employers and education institutions will help ensure that basic skills training is reinforced in the workplace.

* Programs that promote the acquisition of a General Educational Development (GED) certificate while participants are working should be connected with opportunities for postsecondary education and training. Research suggests that the GED is most beneficial to those who pursue postsecondary education and training.[43]

Improving Access to Education and Training Outside of Work

Policymakers should also consider how they can make it easier for people to take advantage of education and training opportunities in their communities. This strategy is necessary because some welfare recipients may work for employers who do not provide a lot of training.

Pursuing further education and training while working poses challenges for individuals and their families. In focus groups of adult workers who were enrolled in education progams while working, researchers found that two of the main barriers are "time and money."[44] For example, individuals, especially women, experienced resistance from family members and friends who resented the extra time that school required. Moreover, the workers perceived that further education or training does not necessarily lead to better jobs. To overcome these barriers, program administrators need to find ways to convince workers that education and training pay.

A few states are offering financial support to welfare recipients for further training, provided they first become employed. This strategy is meant to reward those who work. The challenges are to ensure that the training is available at times when workers can take advantage of it and that the training is connected to their career plans.

To improve access to education and training, states should consider the following.

* Clients need good information on what types of education and training opportunities will help them get better jobs. It is especially important to provide this information on industries that are likely to employ welfare recipients and that have jobs available in the local economy. Welfare administrators should report on the success of institutions that provide education and training for workers.

* Provide financial resources to individuals to help them pursue education and training. New types of scholarship programs may be needed. States should examine their current financial aid packages to ensure that they provide support for part-time enrollees and do not penalize people who work by requiring full-time enrollment to receive aid or penalize people who need basic education courses to succeed in the programs.

* Consider how individual development accounts (IDAs) can be used to promote continued education and training. These accounts help individuals set aside funds, contributed by employers and welfare recipients, to finance education and

* training. States should explore other sources that can contribute matching funds for IDAs, such as foundations. At least twenty-seven states permit welfare recipients to establish IDAs.[45]

* Workers should have easy access to training. The public sector should work with employers to ensure that training for their workers can be accessed at the worksite or another conveniently located facility. Giving workers release time from the job for brief periods may encourage them to take advantage of training opportunities.

* The public sector can provide support services, such as child care and transportation, to help workers take advantage of training. In many areas, child care and transportation are not available during nontraditional hours, inhibiting workers' ability to participate in education or training.

Promoting Learning at the Workplace

Many workplaces can be good environments for learning. The skill levels of some welfare recipients are low, so it is important that they have the opportunity to develop skills on the job. Lessons on how to give welfare recipients the opportunity to develop skills at the workplace can be gleaned from employer-provided training, state customized job training programs, and school-to-work programs. Welfare policymakers should consider several strategies to:

* make job placements with employers who are likely to provide training;

* provide incentives for employers to provide more training to entry-level workers; and

* promote the use of learning on the job.

Make Job Placements with Employers Who Are Likely to Provide Training

U.S. employers spend an estimated $55 billion per year on formal training for their employees.[46] The amount of training provided varies greatly by firm size, industry, and company philosophy. Many jobs can be good first jobs, but some are better than others. In assisting welfare recipients find employment, caseworkers should be familiar with the training opportunities that various industries and employers provide. However, matching welfare recipients with employers who provide extensive training opportunities may be challenging because these firms may only hire employees with skill levels that many welfare recipients lack.

Research indicates that employer-provided formal training can increase earnings. It is estimated that the returns to workers who receive formal employer-provided training are as great or greater than the returns from postsecondary education to workers with various levels of education.[47] Research also suggests that basic adult education provided by employers is more successful than comparable education provided by other institutions in terms of higher earnings for workers.[48] This may be true because the basic education programs are taught in the context of the workplace and are related to specific workplace responsibilities.

The American Society for Training and Development (ASTD) and others have collected information on which types of firms provide formal training and which types of workers receive training. According to ASTD's survey of employers with fifty or more employees, health care organizations provide training to the greatest percentage of employees (82 percent), followed by employers in transportation, communications, and public utilities
(72 percent) and high-technology firms (71 percent).[49] Employers who provide training to the smallest percentage of employees are those in customer service businesses (62 percent). Workers without a college degree are much less likely to receive training than those who possess one.

To help welfare recipients get jobs, states should consider the following.

* Seek to understand the local labor market to learn which employers are likely to provide training. Although it may be difficult to place welfare recipients in firms that provide extensive training opportunities, program administrators should be aware of which employers provide training. They should develop close working relationships with these employers and customize the placement process to employer needs.

* Make welfare recipients aware of training available through their employers.

* Caseworkers should encourage welfare recipients to stay in jobs that provide them with training opportunities, encouraging them to build the skills that will help them get better jobs.

Provide Incentives for Employers to Provide More Training to Entry-Level Workers

States can encourage employers to provide more training to entry-level workers through incentives. Incentives could include providing matching funds for training, making information on training providers readily available, and designing training programs tailored to the needs of specific employers or groups of employers.[50]

All but two states--Montana and New Hampshire--have state-funded customized training programs to meet the needs of specific firms or industries.[51] The goal of these programs is economic development, and they seek to help new or expanding firms remain viable by developing the skills of newly hired workers or upgrading the skills of existing employees. Unlike many traditional job training programs that serve the unemployed, many state customized training programs provide funds to train existing workers. These programs can provide lessons to welfare-to-work efforts because they serve existing workers and have a history of working closely with firms

to design training that is tailored to their business needs. Some states, including California, Minnesota, New Jersey, and Washington, are dedicating a portion of their customized job training funds to projects involving welfare recipients.

Studies of customized job training programs suggest that state grants to firms increase the level of training provided to workers.[52] However, because of the difficulty in measuring the return on investment to firms, evaluations of customized training programs rely on feedback from firms and workers. Using this approach, a study in California suggests that individuals who complete the program are more likely to earn higher wages and change jobs less often than workers in companies that do not participate in the state's program.[53]

States should also consider approaches that encourage firms in low-income urban and rural areas to adopt new technologies, reorganize the workplace, and develop new partnerships so they can create better jobs. In the community-based organization (CBO)-linked networking model, CBOs serve as brokers with area firms to retain jobs that might otherwise be lost. They also customize training and placement services to meet the needs of area firms. These approaches not only benefit welfare recipients, but also raise skill and wage levels in communities.

A two-tiered training strategy can increase the skill levels of all workers and promote economic development within the community. For example, training can be provided to a firm's entry-level workers to help them advance to higher skilled jobs. Newly hired welfare recipients can then be trained to fill the jobs vacated by the employees who have advanced.

Public sector efforts in economic development and customized job training programs reveal the following lessons.

* Government should leverage private sector training dollars by offering financial incen-tives that require firms to match public resource investments. This helps the public sector avoid the perception that it is merely supplanting private sector training dollars and calls on the firm to demonstrate its commitment to training.

* Joint labor-management programs can promote training plans that balance worker and employer needs. These programs can have a positive effect on improving the quality of entry-level jobs and solving work organization issues. Preapprenticeship programs that help students learn job skills in the context of work often involve union members.

* Funding industrywide consortia training programs can promote training for employees in specific industries by spreading the costs of training among firms, sharing costs between business and government, and aggregating the demand for training. For example, trade associations in industries that are likely to employ welfare recipients can help develop training programs. Other types of multifirm consortia include firms that are located in the same

* geographic area or firms that supply goods to one another.

* State policymakers should review available incentives and resources to support the training of existing workers, keeping in mind that other programs might have different missions. Many training programs for existing workers seek to develop a highly skilled workforce and promote economic development. For example, many state customized job training programs prepare workers to use the latest technological innovations or meet international quality standards in production. These programs might jeopardize their mission if they were to shift to serving mostly low-skilled, entry-level workers. The challenge for states is to use these programs to promote high-skill, high-wage jobs for low-skilled workers.

* State policymakers should award on-the-job training contracts to providers who train according to skill standards. Skill standards help define the skills that trainees should learn and certify that they have learned these skills. Certification can help trainees

demonstrate what they have learned so they can qualify for better jobs and earn higher wages.

Promoting the Use of Learning on the Job

Not all on-the-job learning occurs through formal training programs. As part of the Teaching Firm Project, researchers at the Education Development Center examined the informal learning that occurs at high-performing companies.[55] They found that informal workplace learning occurs through participating in meetings, working with teams, interacting with customers and supervisors, mentoring, talking with workers during shift changes, engaging in peer-to-peer communication, cross-training, on-the-job training, performing job duties, and participating in site visits. These experiences may be effective learning activities for people who have not been successful in traditional classroom settings. Although these high-performing companies may not be the firms that hire many welfare recipients, the public sector can examine ways to promote informal learning in other workplaces.

State policymakers can also learn how to promote informal and other types of work-based learning from school-to-career initiatives. These initiatives seek to connect schools with workplaces by teaching academics within the context of work. They also structure work-based learning experiences to bring students into the workplace to reinforce what they learn in the classroom.[56]

Through employer interviews, Jobs for the Future examined the components of school-to-career initiatives and compared them to the work environments of firms that hire entry-level, low-skilled employees. To pro-mote work-based learning, school-to-career models designate mentors to help students learn skills and understand the workplace. These models teach skills and knowledge using real-world experiences, specify the skills that students need to learn, and measure student progress.

The researchers found that although employers who are likely to hire welfare recipients often use informal mentoring strategies, it is less common for them to provide contextual learning, specify learning goals, and measure employee progress. They suggested that welfare-to-work programs may benefit from using intermediary organizations to broker relationships between employers and government and from training supervisors to work with clients and use effective adult learning methods.

Welfare policymakers can also draw lessons from apprenticeship programs that combine classroom and workplace learning. Apprentices are taught skills by workplace mentors and receive credentials in occupational areas when they reach the levels of competency defined in the labor-management agreement. Although most apprentices are concentrated in a few occupational areas, states should examine how key elements of apprenticeships, such as workplace mentoring, skill development, and skill certification, can be applied to other work experiences.

To promote the use of learning on the job, states should consider the following.

* Employers may need third-party intermediaries to help them structure work-based learning opportunities. Such assistance

* could include the provision of supervisor/staff training and the sharing of curricula. Some states fund these intermediaries to promote school-to-career initiatives. States may already be using intermediaries to help place welfare recipients in jobs, but the responsibilities of these intermediaries could be expanded to include promoting work-based learning.

* Placement decisions should take into account the opportunities that employers provide for informal learning. Employers can promote learning by helping employees understand how job tasks fit into organizational goals, giving employees time to reflect on new skills learned, providing supports to employees, and designing work spaces to encourage interactions.

* Encourage newly hired welfare recipients to take advantage of informal learning on the job. Research for the Teaching Firm Project suggests that people are motivated to participate in informal learning in their search for job security, respect from coworkers, self-esteem, and personal growth. The majority of broadly defined skills, such as critical thinking, using feedback, working in teams, and understanding how job tasks fit into the larger picture, are learned informally. Programs should encourage welfare recipients to develop these often transferable skills so they can move on to better jobs.

* The public sector should encourage employers to increase the time allowed new employees to participate in activities that enhance their formal and informal learning as well as provide for more mentoring, customer interaction, and problemsolving meetings as part of the daily work routine. Research suggests that informal learning opportunities can be in the best interests of firms and improve organizational flexibility, sustainability, productivity, cycle time, and reductions in error rates.[57]

Helping Individuals Access Career Ladders or Pathways

It is important that former welfare recipients and other low-wage workers understand how they can advance to jobs that pay better wages and move them toward self-sufficiency, but it may be difficult for them to identify and access career pathways. Moreover, recent company restructurings have resulted in fewer clearly defined career pathways that enable workers to climb the traditional career ladder within firms. Even white-collar workers may now be less likely to stay with one company and advance.

In a study of low-wage workers in the health care, hospitality, and child care industries, researchers found that neither employers nor workers thought about how workers in these industries developed skills that could be used in other industries.[59] Moreover, they found that although the training required and provided by an employer may have increased skill levels, it did not necessarily result in employee promotions.

In their review of strategies to strengthen systems of career advancement, Dresser and Rogers identify improving the quality of entry-level jobs, modernizing the industry so workers use higher level skills, and making career pathways clearer to workers.[60] Improving the quality of entry-level jobs can be accomplished by using strategies from the economic development field. For example, states can influence the quality of entry-level, low-wage jobs by working with firms to reorganize the workplace and modernize and adopt new technologies. Changing the workplace so employees use higher level skills can help low-wage workers acquire valued skills on the job and earn higher wages. Finally, states can make career pathways clearer to workers by informing them about advancement opportunities in their field.

Multi-employer consortia can offer avenues to achieve career advancement goals. Experience in economic development efforts indicates that some companies cluster with other firms because they have similar products, common markets, and shared technologies. Promoting cooperative relationships among firms can achieve economies of scale by pooling resources and can alleviate employer concerns that competitors will hire their employees once they are trained. In addition, multi-employer consortia can facilitate the upgrading of skills and quality of jobs across the industry, enabling low-wage workers to attain skills that may help them advance.

For hard-to-place individuals, the researchers in Chicago's Project Match have articulated an unconventional view of career ladders. Based on their experience in working with Cabrini Green housing project residents, they argue that people can deal with job loss and other setbacks if they can learn from them and prepare for better jobs.[61] Their approach helps welfare recipients develop their identities as workers by getting involved in community activities, taking children to appointments, and performing other tasks that encourage them to adhere to a schedule and work with others. They argue that the welfare system should be more flexible in providing

support to recipients as they gradually develop skills and learn from these experiences.

To help welfare recipients access career ladders or pathways, states should consider the following.

* Create career pathways for individuals by clustering employers around their common workforce development needs. Firms may be more likely to provide training if they can share its cost. Moreover, training for existing workers that is linked to industries can expose entry-level workers to the opportunities and training needed to advance.

* Develop ways to use industry skill standards to help low-wage workers document the skills they have learned that can be applied to their next jobs.

* Provide welfare recipients in entry-level jobs with followup career counseling that helps them learn about advancement opportunities and the steps needed to seize these opportunities. Caseworkers or other support professionals need to provide intensive followup services that do not end once a recipient becomes employed. These services could be provided by one-stop career centers.

* Encourage hard-to-place individuals to take incremental steps not only in employment, but also in parenting, volunteer work, self-improvement, and education and training so they are not overwhelmed. These activities can help recipients get organized, motivated, and adhere to schedules.

State Examples

Improving Access to Education and Training Outside of Work

St. Mary's County, Maryland, awarded a contract to a local community college to provide training for welfare recipients who are hard to place, underemployed, and noncustodial parents. Program participants also receive child care and transportation assistance to enable them to attend school and maintain their work schedules. The county funds the training program through state reinvestment dollars, which are provided to communities from the savings reaped through the state's declining welfare caseloads. Although the program's first year has just ended and evaluation data are not yet available, program administrators believe it to be a success and will continue it for another year. Contact: Ella Mae Russell, St. Mary's County Department of Social Services, 301/475-4700.

Maryland passed legislation in its 1998 legislative session that makes important changes to its welfare reform effort. A key component of the legislation is a Job Skills Enhancement Pilot Program. The pilot program will provide training to newly employed current and former welfare recipients who have been employed for at least six months in entry-level positions with limited potential for advancement. The training will focus on enhancing their existing job-related skills, gaining additional or alternative job skills, and learning interpersonal communication and other work-related skills. It will be provided by a variety of institutions and organizations, including colleges and universities, social service agencies, employers, and job developers. Participation in the program will be voluntary and participants will sign a training agreement.[42] Contact: Jewru Bandeh, Maryland Department of Human Resources, 410/767-7978.

Wisconsin is offering financial aid to low-income workers who want to pursue education and training opportunities. The Employment Skills Advancement Program offers workers whose earnings do not exceed 165 percent of the federal poverty level

a $500 grant that they can apply toward postsecondary education. Applicants are eligible for assistance if they have worked for nine consecutive months, are working at least forty hours per week, and provide matching funds. Contact: J. Jean Rogers, Wisconsin Department of Workforce Development, 608/266-1133.

Michigan allocated $12.5 million to its local workforce development boards to fund postemployment training for welfare recipients who are working at least twenty hours per week.

For the pilot project in Pontiac, Michigan, planners determined that there was high demand in occupations using high-technology skills. In partnership with major employers, such as EDS Corporation and Kelly Services, Oakland Community College designed fifteen- to twenty-week intense accelerated customized training programs that allow clients to work at least twenty hours per week while they are in training for thirty-five hours per week. The Advanced Technology Program trains individuals in computer systems administration and programming, robotics, and productivity software. During the last four weeks of training, the corporate sponsors provide paid internships three days per week, while classes continue two days per week. Of the sixty-nine welfare recipients who entered the program, sixty-one were placed with corporate sponsors in jobs paying between $18,000 and $25,000 annually. About 85 percent of the program graduates have closed their cash assistance cases and, one year after graduating, they are receiving promotions and raises and are returning to school. Administrators report that the keys to success are accurately identifying occupations that are in demand locally, linking the training to the employers' commitment to hiring program completers, and providing training in fields that provide career path opportunities at wages that lead to self-sufficiency. They also emphasize the importance of working with multiple employers so they can prepare individuals for jobs in several firms. Contact: Sharon Miller, Oakland Community College, 248/340-6787.

Ohio's Hospitality On-Site Training (HOST) program is a welfare-to-work pilot program in Columbus, Ohio, that combines basic skills education with employment. It is a partnership of the Ohio Hotel and Lodging Association, the Ohio Restaurant Association, the Ohio Departments of Education and Development, Columbus public schools, Eastland Vocational School, and the Franklin County Department of Human Services. Once the applicants are hired in hotels and restaurants, they are accepted into the nine-month HOST program. Participants receive ten hours of classroom training per week and work another twenty hours per week for their employer. The program pays participants for thirty hours per week, enabling them to meet the work requirements of the state's welfare reform law.

The training covers skills related to hospitality, goal setting, problemsolving, time management, decisionmaking, interpersonal communication, and crisis management. Remedial basic skills courses are offered to participants, as needed. State TANF funds support on-the-job-training by employers who hire welfare recipients. Program administrators indicate that bringing the participants back into the classroom one day per week to reinforce what they are learning on the job has been a key to the program's success. They also stress the importance of using Work Keys, a skills assessment system, and of employing instructors who previously worked in the various industries. Of the seventy-five individuals selected to participate in the program, fifty-four are still working for the employers who hired them. Contact: Carol Gasiorek, Ohio Department of Education, 614/644-6661.

Several programs at Mount Hood Community College in Gresham, Oregon, provide short-term training so graduates can move into jobs quickly. For example, Steptronics is a six-week training program in electronics manufacturing that prepares trainees for jobs in the local high-technology industry. It includes training in basic skills, job-readiness skills, and some technical skills. Program graduates are eligible to become entry-level employees at a local semiconductor firm, a position that formerly required a two-year degree or a certificate from a longer training program. The college also offers an Office Trek program that provides short-term training in office and clerical skills. Many of Mount Hood's programs were developed in partnership

with the Oregon Department of Human Resources and local businesses. Contact: Nan Poppe, Mt. Hood Community College, 503/256-3430.

Pennsylvania is piloting individual learning accounts (ILAs) in two regions to help maintain a highly skilled and educated workforce that will support industries in the commonwealth. In eastern Pennsylvania, the Eastern Technology Council is targeting fast-growing, high-technology firms that want to invest in ILAs to retain highly skilled workers who need more education and training so they can keep their skills and knowledge base current. The York County Training Partnership is targeting minimum-wage, entry-level workers who need continuing education and training to achieve their career potential.

ILAs are investment accounts established in the name of individual employees using contributions from the employee and matched by the employer. The state then adds a matching grant of $500 to $1,000 per employee, not to exceed one third of the total account. The account is the property of the worker and may be used for educational expenditures meeting the general program and company-specific criteria, including education provided by accredited educational institutions or computer-based training. Employees submit information on the desired training to their employers for review and approval and then make approved expenditures from their ILA account. The accounts are portable, giving workers increased flexibility to pursue career paths with multiple employers and even in multiple occupations. ILAs benefit employers in several ways. Their investment leverages valuable training for employees; they have flexibility in the design of their ILA program to protect their investment; and they demonstrate their commitment to employee development, resulting in increased productivity, morale, and retention rates.[54] Contact: Martha Harris, Pennsylvania Department of Community and Economic Development, 717/772-4966.

Promoting the Use of Learning on the Job

California's Employment Training Panel (ETP) will fund up to $20 million in welfare-to-work projects administered by employers, groups of employers, training agencies, or private industry councils. Typically, ETP projects are required to fund training only for employers who are facing certain competitive challenges and who employ highly skilled workers earning high wages. For the welfare-to-work projects, the requirements were modified so ETP could fund training for welfare recipients who may start at lower wages. Contact: Ken Nather, California Employment Training Panel, 916/327-5439.

Virginia is placing welfare recipients in jobs that offer apprenticeship opportunities. The state established a partnership with Independent Electrical Contractors to design a nine-week training program that leads to jobs earning between $8.00 and $10.00 per hour as electrician assistants. After six months of employment, the new employees are eligible for an apprenticeship program that prepares them to become journeymen with much higher earning potential. Contact: David Olds, Virginia Department of Social Services, 804/692-2251.

As part of its Work Exploration Program, Vermont will reimburse employers for up to $2,000 in postemployment training costs if they hire welfare recipients after a six-month trial period. Reimbursements will be paid for with U.S. Department of Health and Human Services Community Development Block Grant (CDBG) funds. During the trial employment period, a temporary staffing agency will serve as the employer of record. The Vermont Small Business Development Center will recruit employers to participate in the program and provide them with ongoing technical assistance and counseling. The center will also act as a liaison between the firms and the public agencies that provide support services to the welfare clients. The private business sites will provide wages at a minimum of $6.00 per hour.

CDBG funds will cover the costs of the temporary employment agency that is administering the program and the costs of unemployment insurance, workers'

compensation, and general liability insurance. The funds will also be used to support skills training for participants who are hired as permanent employees. The first grant awards will be made in July 1998. Contact: Steven Gold, Vermont Department of Social Welfare, 802/241-2834.

The Washington Aerospace Alliance, a group of small suppliers to the aerospace industry, is developing postemployment training for entry-level workers, including former welfare recipients, in cooperation with Shoreline Community College. A year-long course for machine operators was condensed to ten weeks. After completing the classroom training, students are either enrolled in an internship program or hired in the industry. The partners have developed advanced-level training for current industry employees to help them upgrade their skills. Contact: John Lederer, Shoreline Community College, 206/546-4101.

The Minnesota Pathways Program is part of the state's customized job training program, the Minnesota Job Skills Partnership. This year the program is funding six education institutions, in partnership with a consortia of firms in specific industries, to provide training for newly hired welfare recipients. The institutions must define the industry's career paths, the education or training needed to progress to the next level, and the ways training will prepare individuals for positions above entry level. Several of the projects will also train supervisors and retention specialists on how to work with the new employees. The projects are in the beginning phases, and outcome information is not yet available. Contact: Roger Hughes, Minnesota Job Skills Partnership, 612/296-0388.

Helping Individuals Access Career Ladders or Pathways

The Jane Addams Resource Corporation (JARC) is a community-based development organization in an area of Chicago that is home to several small and medium-size manufacturers, including metalworking firms. JARC offers services for workers and businesses, including education and training, manufacturing modernization, and industrial site redevelopment. Its goal is to retain the jobs on which the community depends and train residents to qualify for those jobs. As a result, it works on both the supply and demand sides of the employment equation.[58]

JARC's education and training efforts include specialized training based on specific firm needs and basic skills training for youth and adults. The Metalworking Skills Training Program provides work-related literacy and technical training for incumbent low-skilled workers, and the Training Center for the Metalworking Trades offers hands-on machine training in manufacturing areas with a shortage of skilled workers. To help unemployed local residents, the Unemployed Training Program provides job skills training and case management. A punch press die-setting apprenticeship program and a computer lab for training workshops complement JARC's specialized training efforts. JARC also offers the Learning Unlimited Program for high school dropouts and the Adult Learners' Program. Finally, the Partnerships Program serves as a liaison between the Metals Works Program of Senn Metropolitan Academy, a Chicago public school, and the metalworking industry to provide students with work-based learning experiences and job placement. JARC's Metalworking Skills Training Program is participating in an extensive evaluation and assessment effort. JARC's training efforts are supported primarily through local government grants, foundations, and corporations. Contact: Anita Jenke, Jane Addams Resource Corporation, 773/728-9769.

The Garment Industry Development Corporation (GIDC) is a multiservice organization and a unique partnership of labor, industry, and state and local government that provides training and job referral services to New York garment industry workers. GIDC operates three different training programs, each focusing on improving industry productivity and providing advancement opportunities for workers. One program includes skill training for dislocated sewing machine operators as well as English language, health, and safety instruction. Another program offers courses that use

advanced technology to prepare garment workers for the future and that encourage them to be advocates for workplace change. Onsite training responds to specific employer needs, providing instruction in production techniques, problemsolving, communication skills, and quality management. Through the three programs, GIDC trained more than 1,000 people in 1997. The training programs have resulted in employment for retrained workers and lower maintenance bills at factories. GIDC's centralized job referral program also helps it link training efforts to specific requests for employees.

Key partners include the city and state of New York, the International Ladies' Garment Workers' Union, the New York Skirt and Sportswear Association, and the Greater Blouse, Skirt, and Undergarment Association. Funds from the Job Training Partnership Act and New York State Department of Economic Development support the training programs.[62] Contact: Bruce Herman, Garment Industry Development Corporation, 212/366-6160.

The San Francisco Hotels Partnership Project operates skill development programs for entry-level workers and others in major hotels in the San Francisco area. It is a labor-management initiative that has been operating since 1994. The programs are funded in part by California's Employment Training Panel. Employees identified the core skills to be emphasized in the training and, together with management, selected instructors. Since the program began, participating hotels have reported increases in customer satisfaction ratings. Contact: Debbie Moy, San Francisco Hotels Partnership Project, 415/772-4375.

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Using Transitional Employment as a Career Development Strategy for the Hard-to-Place

Experience has shown that some welfare recipients with multiple barriers to employment, find a job, stay employed, and achieve self-sufficiency. However, some of the hardest-to-place have trouble getting a first job in the regular labor market because of poor work-readiness skills, significant basic skill deficiencies, or mental or physical disabilities, or because they live in geographic areas where the demand for entry-level jobs exceeds supply.

As welfare caseloads continue to decline and an ever-greater proportion of those remaining in the system face serious barriers to employment, states should consider including community work experience and subsidized employment as components of their work first systems. Such transitional employment can become the first rung on a career ladder for hard-to-place welfare recipients who are not immediately employable in unsubsidized jobs.

Community work experience and subsidized employment can help address the needs of hard-to-place welfare recipients in several ways.

* Well-structured transitional employment can motivate people and raise their self-esteem. It can help them understand the workplace culture and expectations and develop networks that support job retention and career advancement.[63]

* Workplaces can provide fertile environments for formal and informal learning. [64]

* Transitional employment can be used as part of an economic development strategy to expand employment opportunities in inner-city, rural, and high-unemployment areas.

* Community work experience and subsidized employment can serve as a longer term "sheltered" work environment for those unable to compete in the regular job market.

Historically, transitional employment programs were operated on a small scale, lasted for approximately three months, were targeted primarily to female, single-parent recipients with children ages six and older, and were provided in conjunction with job search activities. For the most part, unpaid work experience was implemented with little attention to exploiting the learning potential of the jobs. The skills that participants developed were not documented, and few linkages were made between work and classroom-room based instruction.

Researchers found little evidence that unpaid work experience led to consistent positive employment and earnings effects or reductions in welfare receipt or welfare payments. However, they concluded that the work preformed had value to the community and that the benefits of the program generally outweighed the costs to taxpayers. Participants and their supervisors reported that the work performed was meaningful, but most participants would have preferred a real job.[67]

The way transitional employment programs are structured and operated will influence the long-term employment and earnings outcomes of participants. Research and field experience suggest lessons for improving their use as a career development strategy for the hard-to-place. Specifically, states will want to:

* structure programs for effectiveness by targeting and monitoring participation and

* ensuring that they address participant, employer, and community needs; and

* improve the quality of transitional employment by ensuring it expands learning and career advancement opportunities.

Structure Programs for Effectiveness

Research on previous welfare-to-work programs has documented that one size does not fit all. Different strategies work better for some recipients than for others, and the circumstances under which a program is implemented make a difference in its effectiveness and sustainability. Community work experience programs that lack community support are unlikely to grow beyond small-scale operations. Decisions on who to serve and how the program will be structured to meet participant, employer, and community needs are important.

Decide Who to Serve

Subsidized employment programs work best when they are targeted to individuals who would otherwise be unable to secure unsubsidized jobs and when they are limited to eight to twelve months to keep pressure on staff and participants to move toward unsubsidized employment. Clear procedures are needed to assign participants to worksites, monitor their participation, exempt those who cannot work, and sanction those who do not comply with program requirements.[70]

Address Participant, Employer, and Community Needs

Transitional employment programs are most effective and sustainable when they meet participant, employer, and community needs. Work effectively addresses participants' interests in achieving economic success when it provides opportunities for building their identity as workers and requires them to perform according to generally accepted workplace standards. Participants' interests are furthered when the work experience provides opportunities for developing and documenting their skills, creating a credible work history, facilitating career exploration and job placement, and linking to lifelong learning opportunities. Research suggests that combining transitional employment with education is more likely to help participants with limited education achieve long-term labor market success than either substituting work for education, as some are doing under the banner of work first, or providing stand-alone basic skills training before employment, as was often done under JOBS.[71]

Transitional employment, paid or unpaid, is an investment of public resources that can have far-reaching effects on community improvement and economic development efforts. To meet employer interests, the work performed must meet company standards for quality and customer satisfaction and contribute to the company's bottom line. In a public service context, the work performed should address pressing community needs and similarly meet accepted quality standards.[72]

Community needs can be addressed through large- and small-scale projects that improve the quality of life in the area and increase the capacity of neighborhood organizations, such as food banks, child care centers, and youth development programs. Community jobs can also help stimulate or support community volunteer and self-help activities. For example, in developing and funding work projects, states may want to give priority to projects that encourage or require project sponsors to match the hours worked by those in transitional employment with hours worked by community volunteers, or to have participants promote or coordinate volunteer activities. In addition, subsidized employment can be directed to community economic development efforts, such as those being undertaken by community development corporations and community development banks.[73] These include programs that help small and medium-size firms, especially undercapitalized and outdated ones in inner-city and rural areas, to retain jobs, modernize, and grow. Whenever possible, programs should build on existing regional and industry relationships among firms. TANF and Welfare-to-Work formula grant funds can leverage community economic development resources, including those available for community enterprise and empowerment zones.

Experience has shown that community review boards or project planning committees

can avoid potential problems of displacement of regular public and private sector employees by work experience participants. As appropriate, local labor unions, welfare advocacy groups, and other community interests should be represented on such boards.[74]

Improve the Quality of Transitional Employment

Although the Personal Responsibility and Work Opportunities Reconciliation Act limits those activities that can count toward the federal work participation rate, states define the work activities for meeting the requirement that recipients work within twenty-four months of receipt of assistance. Because most states are experiencing reductions in their welfare caseloads and most are not having trouble meeting their federal work participation rates for all families, they have an opportunity to define work more broadly. For example, states can include the process of starting a small business as part of their definition of work. This would include developing a business plan, obtaining financing, and participating in related entrepreneurship training.

States can use numerous strategies to improve the effectiveness of transitional employment programs as a first step on a career ladder that eventually helps people escape poverty. Some of the strategies aim to strengthen the conditions of transitional employment programs. Others help employers change their workplace policies and practices to expand learning and career advancement opportunities for all of their entry-level workers, not just the former welfare recipients in transitional employment. In this way, employers may help some people from ever having to enter the cash assistance system and alleviate concerns among existing workers that workers in transitional employment threaten their jobs.

Strengthen the Conditions of Transitional Employment

State policies can support and promote work and school-based learning among participants in transitional employment and make such employment pay by taking the following actions.

* Define work experience and community service to include work-based education and training that is provided in conjunction with work. Workers with weak literacy skills are especially likely to need some classroom-based instruction to complement

* the learning that occurs at the worksite. Research suggests that basic skill classes in which the content and instructional materials are drawn directly from the workplace are more effective than stand-alone, non-contextual programs.[78] All workers can benefit from work-related education and training that enhances their job performance and develops the skills they need to qualify for unsubsidized employment. States may want to structure transitional employment programs so that part-time work of sufficient hours to meet the work participation rate requirements is combined with work-related education and training.

* Emphasize career guidance, job search, and placement efforts throughout all stages of program participation. Career guidance should help participants see how a transitional job can be the beginning of a career pathway that leads first to entry-level unsubsidized employment and then to ever-more demanding and better paying jobs.

* Link work-related classroom instruction to educational credentials, such as GEDs or postsecondary credits and certificates, whenever possible. This will help recipients build a resume that enables them to continue their formal education whenever they desire. Classroom-based instruction may have to be shortened and restructured to be more compatible with employment.

* Connect subsidized jobs to unsubsidized employment that provides further opportunities for skill development. States may want to consider providing on-the-job training subsidies to employers who will hire and provide further education and training opportunities for former recipients making the transition from subsidized to unsubsidized employment. Three- to six-month on-the-job training contracts that

reimburse employers for the extraordinary costs of initial training have proven very successful in raising the earnings of newly hired welfare recipients.[79] These arrangements help low-skilled and inexperienced workers gain access to higher paying jobs

* with career potential for which they might otherwise not qualify.

* Implement work-based program models that provide participants with close supervision and increasingly higher levels of responsibility, establish a link between small tasks and activities and work, reward small steps toward success, and encourage peer support.[81]

* Provide needed support services, such as child care and transportation, but gradually phase out these supports toward the end of the program.[82]

* Encourage or require employers who receive wage subsidies or serve as sites for unpaid work experience placements to offer opportunities for frequent interaction with supervisors, job coaching supports, and other forms of formal and informal on-the-job learning. Criteria can be included in states' procedures for developing worksites and as a condition of receiving TANF subsidies for paid positions in the public, private nonprofit, or private for-profit sectors.

* Structure work experience so that wages are paid and recipients have employee status. Establishing a formal employer-employee relationship serves economic and other purposes that promote career development. If there is an employer-employee relationship, employees are covered by worker protections under the Fair Labor Standards Act. In addition, when wages are paid, employees can qualify for federal and state earned income tax credits. Paid work will also count toward the income and work attachment criteria used to determine eligibility for unemployment insurance if the participant loses her job. More-over, worksite supervisors are more likely to establish high-performance expectations for paid employees and hold workers to these standards than they are for unpaid interns.[83]

* Encourage or require employers who take unpaid work experience participants or * receive wage subsidies to contribute a specified amount to welfare recipients' individual development accounts. For example,

* some states require these employers to contribute $1.00 for every hour worked after thirty days of employment to an account dedicated to education or training.[84]

Support Changes in Workplace Practices

State policies can expand opportunities for lifelong learning among participants in transitional employment and other entry-level workers by taking the following actions.

* Help employers design work activities so that more formal and informal learning can take place at the worksite. Such assistance may help employers develop or obtain curricular materials and easy-to-use learning tools, train worksite supervisors and mentors in their expanded responsibilities, and establish links with education institutions that can support their efforts.

* Work with employers to expand opportunities at the worksite for self-directed, computer-assisted education, training, and career guidance. This will make it possible for workers to build their skills at their convenience before or after work.

* Help employers develop nonburdensome ways in which to assess and document the knowledge and skills that workers have developed as a result of their work experience. School-to-work and youth employment programs have developed the practice of identifying learning objectives for worksite experiences and documenting the student worker's progress in achieving these objectives. In addition, they have experimented with providing employers with a credible credential of workplace skills to develop a "marketable credit" for these skills in the hiring process.[85] Research on

supported work[86] has found that observational techniques are often more important than formal testing in assessing hard-to-serve participants' work-related problems and needs.[87]

* Fund intermediary organizations to provide desired supports to employers in ways that are compatible with employer practices and performance expectations.

Different Forms of Transitional Employment

Various names have been used to describe differences in the terms and conditions, placement, and financing of transitional employment. Transitional employment can take place in the public, private for-profit, and private nonprofit sectors. It can be paid or unpaid. Jobs can be full time or part time. Paid full-time work is likely to result in more income for participants, and worksite agencies are more likely to prefer full-time workers. Part-time work may make it easier to combine work with needed educational services, and it may be all that some of the hardest-to-place participants, such as those with physical or mental disabilities, can handle. Wages, benefits, and employment-related tax and insurance payments can be fully or partially reimbursed.

Employment can also be promoted through federal, state, and local tax policies, such as tax credits for hiring welfare recipients or other targeted groups, or tax incentives to create new jobs. Tax credits and wage subsidies are often provided to cover the extraordinary costs of hiring people with skill deficits.

The major types of transitional employment used in welfare-to-work programs can be combined with education, training, and other supports to enhance its value as a strategy that leads to unsubsidized employment and career development.

Community Service Employment (also known as community jobs or public service employment). Community service employment programs pay wages to participants for work performed in public and private nonprofit agencies that benefits the community. The wages can be subsidized with public or private funds, including diversion of the welfare grant. The individual has employee status and all of the terms and conditions of regular employment apply. In 1978 enrollment in public service jobs created under the Comprehensive Employment and Training Act peaked at 755,000.[65]

Community Work Experience (also known as workfare). As defined under JOBS, community work experience was used to describe a program in which work was performed in a public or private nonprofit entity in exchange for benefits. The number of hours a recipient could be required to work could not exceed the amount of the welfare grant, minus child support payments, divided by the minimum wage. The benefit payments were not considered wages, and participants were not considered employed for purposes of coverage under Social Security, the Earned Income Tax Credit, and many worker protection provisions. Under TANF, these provisions no longer exist. However, the U.S. Department of Labor has indicated that most work experience will be considered work for purposes of the Fair Labor Standards Act. Therefore, minimum wage provisions apply and employers may be liable for withholding payroll taxes.

Work Supplementation (also known as grant diversion and wage subsidy programs). As defined under JOBS, work supplementation referred to programs in which money that would otherwise have been paid to the recipient as a cash assistance grant was diverted to employers to reimburse them for some or all of the wages paid to the recipient. Although employment could be in the public, private nonprofit, or private

for-profit sectors, most positions were in the private for-profit sector.[66]

State Examples

Transitional Employment

Project Match uses an expanded definition of community service in helping very hard-to-place welfare recipients begin making the transition from welfare to work. This definition allows flexible scheduling of volunteer, self-improvement, work, and parenting-related activities to gradually build up the individual's work discipline and identity as a worker. As participants gain confidence and work-readiness skills, more structured and demanding work is required for a greater number of hours per week. At each step along the way, work-related education is provided. Using this approach, Project Match was able to make about one third of its participants steady, if not always full-time, workers within two years. Another 14 percent became steady workers over a five-year period.[68]

The AFDC Homemaker-Home Health Aide Demonstration Project, which was tested in seventy sites in seven states during the mid 1980s, combined formal training and subsidized employment. Formal training consisted of four to eight weeks of classroom instruction and close supervision in work settings. This was followed by up to one year of full-time subsidized employment in public and private nonprofit home care agencies. Wages at levels comparable to other workers performing the same tasks were paid entirely out of demonstration funds. Participation was voluntary, and the average participant was a woman with two children who had not worked in three years. Two in five participants lacked a high school diploma or its equivalent. After three years, the program showed positive effects on hourly wages in four states and on the number of hours worked in four states. Earnings gains led to annual welfare savings in four states.[69]

Goodwill Industries of Southern California operates the Supported Employment Program with the Bloomingdale's and Macy's department store chains. Small groups of developmentally disabled employees work together to ensure that clothing is marked with a sensor (antitheft device) and neatly fluffed and folded for sale. A job coach, a Goodwill employee, serves as the supervisor and trainer at no cost to the employer. This job coach has production experience and receives instructions on the job tasks from store personnel. Job applicants are screened and tested by Goodwill. Once they are accepted by the employer, they become part-time employees of the company, subject to the same terms of employment and with benefits equal to other employees hired directly by the store. The program has achieved a 95 percent annual job retention rate. Contact: Richard Guiss, C.R. Manager, Goodwill Industries of Southern California, 213/223-1211, ext. 222.

Supported Work is a transitional employment model that includes close supervision, peer support, and graduated stress. The graduated stress concept involves increasing productivity demands and attendance and punctuality requirements, assigning workers increasingly complex work assignments, and gradually decreasing the degree of supervision. Under the model tested in the late 1970s, welfare benefits were converted into participant wages at slightly below the average wage of entry-level jobs that the target population could expect to obtain on its own. Bonuses and merit increases were provided to supported workers who met gradually increasing work requirements. Toward the end of the twelve-month period, program operators helped participants find regular employment.

During the early 1980s, the Supported Work model was successfully adapted for

young mentally retarded adults as a three-stage transitional employment program called Structured Training and Employment Transitional Services (STETS). The program had a greater impact on improving the employment and job retention of moderately and mildly mentally retarded young adults than of less disabled individuals.[75]

* Phase one of STET was comprised of 500 hours of paid employment, training, and support services provided in low-stress sheltered or nonsheltered worksites in public, private nonprofit, and private for-profit organizations. Program counselors assessed, trained, and monitored participants as they performed their jobs and provided both individual and group counseling on job-related issues.

* Phase two involved continued training and support services and placement in nonsheltered positions that could evolve into regular unsubsidized jobs. These jobs could be subsidized or unsubsidized and in the public, private nonprofit, or private for-profit sector. Participants could remain in phases one and two for no longer than twelve months in a fifteen-month period.

* Phase three consisted of regular employment, mostly in unsubsidized service jobs, with support and guidance provided on an as-needed basis for up to six months.[76]

New York's Education for Gainful Employment (EDGE) program combines unpaid work experience with work-related basic education and English-as-a-Second-Language instruction, GED preparation, job-readiness and life-skills training, and job development. The classroom-related instruction is included in the state's definition of work experience for purposes of meeting federal work participation rate requirements. The program has used state and federal funds to serve 30,000 recipients throughout the state. Funding for local programs is performance-based. Programs are required to meet ninety-day employment retention targets and keep the per-participant cost at $3,500 or less.[77] Contact: Robert Purga, New York State Department of Education, 518/474-8920.

Pride Industries, a California-based private nonprofit corporation, operates as a self-sufficient commercial enterprise to create paid jobs primarily for people with disabilities The company provides property maintenance, production services, logistics and warehousing, and technology services for major corporations and some public agencies. Although it has a human service goal, it is run like a business with an emphasis on quality service and customer satisfaction.

Pride Industries' "Job Shop" pilot project is an adaptation of Pride's model that provides employment-focused services to help hard-to-place welfare recipients make the transition to gainful employment. The Job Shop model provides a comprehensive, coordinated approach that:

* facilitates placement in competitive employment within the community;

* develops an employment profile to assist with job development and placement efforts;

* facilitates reality-based exploration of employment, including an assessment of transferable skills and vocational testing;

* provides highly supervised job-seeking, job-readiness, and job-keeping skills instruction to each participant;

* provides highly supervised volunteer community service and work placement opportunities;

* provides on-the-job support (job coaching) services to individuals who

require a higher degree of intervention at the worksite; and

* provides followup services for ninety days upon successful placement, including direct employer contact, peer support group, and job retention counseling.

Contact: Sam Seaton, Pride Industries, 916/783-5266.

New York City's BEGIN Work Study program is a successful model of how education and work experience can be coordinated. Participants are introduced to the program through an intensive one-week orientation that includes assessment and evaluation of their education skills and work histories. Following the orientation, participants are assigned to a class based on their skill level and a worksite based on their expressed interest in a particular job field. Participants are on a full-time schedule, from 9:00 a.m. to 5:00 p.m., thirty-five hours per week. Two days are spent in the classroom and three days are spent at the worksite. Worksite teachers ensure that the worksite experience is a meaningful, quality learning experience that meets participants' interests and skill needs and ensure that the content of the work experience can be carried back to the classroom and will translate into marketable job skills. Participants complete the program with marketable employment skills and an up-to-date work portfolio. Contact: Georgia Salley, City of New York Human Resources Administration, 212/845-5334.

Pennsylvania, in partnership with the city of Philadelphia, Public/Private Ventures, and The Pew Charitable Trusts, is developing a subsidized employment initiative targeting hard-to-place welfare recipients. Philadelphia@Work will offer temporary subsidized employment opportunities, placement for up to six months, in public, private nonprofit, and private for-profit organizations. A new intermediary organization known as Transitional Work will run the program. Approximately 3,000 recipients, or 750 people every six months, will participate in the program over two years. The state will use TANF funds to pay for wages and work supports, including child care and transportation. The city will use a portion of its formula Welfare-to-Work allocation to pay a portion of wages and bonus payments for program staff. Pew Charitable Trusts will provide funds for the operation of Transitional Work, prepare a credentialing component for job-readiness certification, and develop a protocol for replication.

Transitional Work will operate like a temporary agency. It will hire participants and place them in job sites at public, private nonprofit, and private for-profit organizations. Participants will work twenty-five hours per week at minimum wage and receive an additional ten hours in wrap-around job and life-skills training, including classes in job readiness, English-as-a-Second-Language, literacy, and balancing work with family life. Once clients earn their certifications of job skills and work experience, they will be placed in unsubsidized jobs.

This program has a number of key elements.

* Unlike grant diversion, this model will use a wage subsidy, enabling participants to receive their cash grant adjusted by the earned income disregard and the federal Earned Income Tax Credit.

* This program will offer work supports, such as child care and transportation, and a bonus payment for attaining an unsubsidized job.

* The program will have a credentialing component, certifying that participants have job skills and work experience.

* Certified participants will enter a candidate pool for permanent unsubsidized job placements.

* Transitional Work will reimburse employers for workers' compensation and unemployment insurance costs and pay bonuses to employers or intermediaries that place participants in unsubsidized jobs.

* The program demonstration will develop a mechanism for replication.

Contact: Noelle Cloud, Pennsylvania Department of Public Welfare, 717/772-8318, or Margy Waller, Public/Private Ventures, 215/557-4400.

The Washington Department of Community, Trade and Economic Development has launched the Community Jobs Initiative to provide temporary community-based work and skill-building experience to TANF and State Family Assistance (SFA) participants who are encountering barriers to entering the regular job market. The goal is for Community Jobs positions to benefit the local community and lead to a permanent job and successful job retention.

To be eligible, participants must have been on public assistance for at least one year, except in distressed counties where the unemployment rate has been 20 percent above the state average for the past three years; demonstrated that they have been unsuccessful in their job search; and been deemed by their case manager to become more employable after Community Jobs work experience.

Participants work twenty hours per week for no more than nine months. The welfare grant is diverted to pay recipients the minimum wage for hours worked, and participants receive 20 percent above the amount they would have received in their grant to reimburse them for payroll deductions. They also receive support services, such as child care and transportation, from the contractors.

Participants have an individual development plan that sets specific goals and outcomes for their job experience, including vocational training, interpersonal skills, and behavioral changes. In addition, a worksite agreement is developed for each worksite. This written agreement among the worksite provider or subcontractor, the contractor, and worksite participant outlines job objectives; worksite provider, contractor, and participant obligations and responsibilities; worksite certifications, if applicable; and the participant's job description, training plan, and work schedule.

Five community-based organizations have been selected to operate the program under phase one. The state employment security department will help ensure that participants receive job search preparation, placement, and postemployment services. Contact: Paul Knox, Washington Department of Community, Trade and Economic Development, 360/586-8973.

The National Association of Service and Conservation Corps reports that three state and seven local corps have contracts to provide work and training opportunities for welfare recipients. Service and conservation corps typically offer between thirty and thirty-five hours of paid employment for up to one year to out-of-school and unemployed youth between the ages of sixteen and twenty-five. Work projects provide needed community services, and jobs are supplemented with job training, basic education, and job skills training. A recent evaluation of four service and conservation corps programs found that they were cost-effective, had a substantial positive impact on the earnings and further education of African-American men, and produced positive benefits to their communities.[80]

New Hampshire's Alternative Work Experience Program (AWEP) supports hard-to-place TANF recipients by giving them the opportunity to gain work-related experience in private nonprofit and private business work settings. AWEP participants are supervised in work placement activities and receive instruction and feedback from their supervisors on a regular basis. To date, more than 700 slots have been created statewide among 300 sponsoring agencies. A staff member dedicated to this effort develops tailored AWEP work placements for TANF recipients with special circumstances or in particular areas of the state. For example, in Manchester, the state's largest city, this is how the unique needs of the refugee population are being addressed. Other work placements are created for participants residing in the state's rural areas. Contact: Lynn Winterfield, New Hampshire Department of Health and Human Services, 603/271-4257.

The Wisconsin Works (W-2) program allows local W-2 agencies to devise solutions that make the most sense for their areas.

* The Cooperating Congregations of Greater Waukesha, a coalition of about eighty area churches, created a transitional employment project modeled after the restaurant business. The "Donut Shoppe" teaches low-income people with little work history not only how to make donuts, but also soft skills, such as arriving to work on time, being groomed, relating to managers and employees, and otherwise taking personal responsibility. Contact: Clarice Kratz, Cooperating Congregations of Greater Waukesha, 414/549-8726.

* Esperanza Unida's auto repair program takes abandoned and donated vehicles in need of repair and teaches program participants how to fix and restore them. The organization then sells the cars to W-2 participants for a fraction of their retail value. Contact: Richard Oulahan, Esperanza Unida, 414/649-2573.

* Fond du Lac County operates the "Quantum Work Crew," which is modeled after the Wisconsin Conservation Corps. Through this program, the county is able to make community service placements within twenty-four hours. Crews of no more than eight participants are supervised by a county employee to ensure individual attention. The supervisor is responsible for getting trainees to and from each site. Each crew has use of a county-owned van, a mobile telephone, and work tools. The crews participate in work activities, such as refinishing wood in nursing homes, painting county buildings, and trimming riverbanks. Contact: Chris Schmitz, Quantum Work Crew, 920/929-3922.

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Conclusion

A work first approach to welfare reform should not simply be about placing welfare recipients in entry-level jobs. It should be about helping people with limited skills, work history, and education turn every job into a learning experience that leads to a higher paying job. To meet this challenge, states should complement strategies that help welfare recipients get jobs as quickly as possible with ones that work with them and their employers after they start work. Providing effective job retention and career advancement services requires establishing much closer relationships with employers. It also requires integrating employability development efforts across welfare, workforce, education, and economic development systems to strengthen state capacity for helping low-income workers retain and succeed in their jobs.

To promote job retention among low-income workers, states should work with employers to:

* increase access to and awareness of work-related supports, such as transportation, child care, and health care;

* modify employee assistance programs to better aid low-income workers;

* launch more aggressive efforts to promote earned income tax credits;

* train supervisors to help them respond to the problems of low-income employees; and

* help recipients who lose jobs become reemployed quickly.

To promote career advancement among low-income workers, states should:

* improve access to career ladders;

* work with employers to promote learning at the workplace;

* identify employers and labor market sectors that provide career advancement opportunities for employees; and

* make education and training compatible with employment.

Individuals who face particularly challenging barriers to employment can also benefit from employer-focused employability development strategies. On-the-job training and subsidized transitional employment are tools to help these individuals become better prepared to make the transition to unsubsidized employment.

States need to develop new approaches to job retention and career advancement for low-income workers. They also need to provide work opportunities for hard-to-place individuals that are tailored to the changing labor market. By combining supply-side and demand-side strategies, state policymakers and program administrators can more effectively help low-income families chart a career pathway out of poverty and toward economic self-sufficiency.

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